

# MY BUILDING WORKS HAVE BEEN DELAYED, AND I NEED MORE TIME TO SELL.

## Development Exit Bridging

### WHAT IS A DEVELOPMENT EXIT BRIDGE?

In simple terms, short-term development exit loans are used to clear existing development (or refurbishment) loans that are nearing the end of their term and allow more time for the developer to complete and sell the property or units.

Monthly interest is charged and can be rolled up or retained in the facility, leaving the developer with no monthly payments.

### WHY WOULD A DEVELOPER USE THIS TYPE OF LOAN?

There are various reasons why developers and property investors might need a development exit loan:

- Delays and possible cost overruns during the project build may mean the property can't be sold within the timeframe agreed with the current lender

- The current lender may charge a large fee to extend the current facility.
- Sales are taking longer than expected.
- The project is nearing completion but the current lender is unwilling to extend the current facility.

### WHAT TYPES OF PROPERTIES ARE ACCEPTABLE?

- Residential properties (Houses, flats, HMO etc...)
- Mixed commercial properties
- New builds, conversions and refurbished properties
- Properties located throughout England, Wales and Scotland



## WHAT ARE THE BENEFITS?

- Allows more time for sales to go through
- Development Exit interest rates and costs are often cheaper than that of the existing development lender.
- Avoids falling into default with the current lender.
- Repays the existing loan and can release vital equity allowing the developer to invest in other projects.
- Funding can be arranged quickly
- Development exit facilities can be structured and modelled so that the developer can retain a proportion of the sales proceeds from the first sale(s) allowing them to manage cash flow more effectively during the sales process.
- The property doesn't always need practical completion sign off.
- Relieves pressure on the developer to sell units at a discount and therefore protects their profit.

## HOW IS IT REPAYED?

- Property can simply be sold and the loan is repaid.
- If the property is being retained by the developer over the medium to long term then refinancing onto a term mortgage is another option.

## WHAT INFORMATION DO I NEED TO PROVIDE?

- Address and details of the security
- Details of the borrowing entity (Limited company and director/shareholder details)
- Planning permission details or a link to the relevant application on the planning portal.
- Details of your current loan facility (amount outstanding, lender)
- A schedule of any remaining works
- Previous valuation report or confirmation of the GDV/current value.
- Details of the exit strategy (e.g. marketing strategy if units are being sold)

## KEY CRITERIA SUMMARY

- Loan sizes from £150,000 to £50 Million
- 75% loan to value (100% with additional security)
- Term up to 24 months
- No exit fees or early repayment charges
- Interest can be rolled up, retained or paid monthly
- All credit profiles considered
- First time developers accepted



01775 713777



[enquiries@thepropertyfinancecollective.co.uk](mailto:enquiries@thepropertyfinancecollective.co.uk)



[thepropertyfinancecollective.co.uk](http://thepropertyfinancecollective.co.uk)