

Bridging loan guide

Buy or sell first? Let's bridge the gap.



Our Bridging Loan gives you the flexibility to buy now and sell later.

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1 What is a bridging loan?

As the name implies, a bridging loan is there as a bridge to help you transition from your old house to your new one. It gives you the flexibility to buy now and sell later.

You can choose a bridging term of either six or twelve months, depending on how soon you're planning to sell your old home. Your old home must be sold within the bridging term that you select.

When you sell your existing property, the sale funds go towards your bridging loan. Once you've completed the bridging period, your remaining loan remaining will convert to a standard variable home loan.

Enjoy the benefit of owning your new home sooner and the breathing space to sell your old home in the future, within the bridging term.



2 How does a bridging loan work?

If you are eligible for a loans.com.au bridging loan, this means we will typically take over the debt on your current mortgage while also providing finance for your new property.

The size of your bridging loan may depend on the following:

- 1 The purchase price of your new property.
- 2 The remaining balance you have on your current home loan

These two factors make up your 'peak debt' or the total amount borrowed from us. Your peak debt may also include other costs such as legal fees or stamp duty,

Once the old property is sold, the net proceeds of the sale will be used to pay off the peak debt.

After, you'll be left with the 'end debt' and your bridging loan will function as a typical mortgage. If your old property isn't sold within the bridging loan term, other conditions may apply.

To discuss your bridging loan options, feel free to [book a chat](#) with one of our bridging loan lending specialists.

Bridging loan terms and repayments

At loans.com.au, we don't charge interest on our bridging loan for the first three months of the bridging period.

For months four through to six, the interest accrued will be capitalised and added to the peak loan debt.

From months seven to twelve of the bridging finance period, monthly interest-only repayments will be charged.

The bridging period for bridging finance is usually either a six or 12-month period. It's unusual to find bridging loans longer than 12-months because these are designed to be short-term property finance solutions, to 'bridge' the gap between the purchase and sale of your property. Consider speaking with a professional to understand the risks that come with the short-term nature of bridging loans.



3 How do I qualify for a bridging loan with loans.com.au?

loans.com.au will typically look at the following before approving your bridging loan application:

- ✓ Home equity
- ✓ End debt
- ✓ Identification documents (passport, driver's license, State or Territory-issued photo identification card such as Proof of Age card), proof of income, financial documents, but not limited to list of liabilities, everyday living expenses and other sources of income.

Learn more about bridging loans and how we can assist with your move!



4 Bridging loan structure

Existing Property

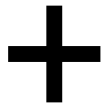


Loan Balance
\$200,000

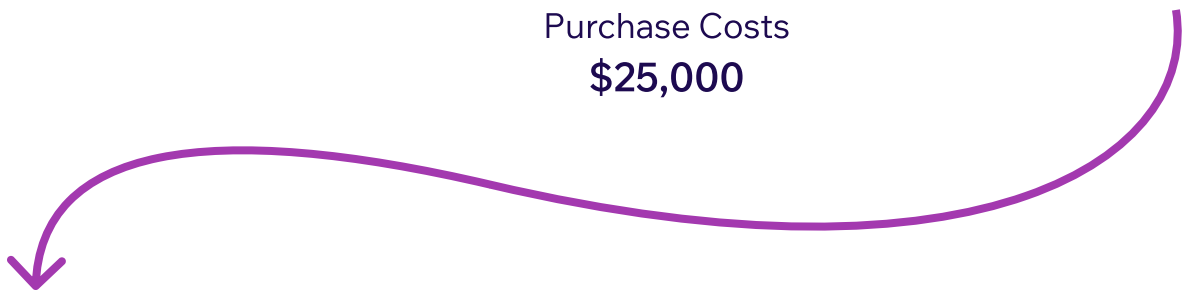
Purchase New Property



Purchase Price
\$500,000
Purchase Costs
\$25,000



Peak Debt
\$725,000



Sell Existing Property



Peak Debt
\$725,000



Net Proceeds
\$400,000



End Debt
\$325,000



5 Customer scenarios



Meet Jude

Jude intends to sell his current property – which is a townhouse. However, before he is able to sell his townhouse, he sees a house has come on the market in an ideal location reducing his commute to the office and is also closer to family and friends. He doesn't want to miss the chance to buy his dream home, so he contacts his loans.com.au home lending specialist as a bridging loan could be the answer.



6 Our bridging loan application process

1



Speak to our Specialist

Make an appointment with our lending specialists who will guide you through the bridging loan process, including getting a pre-approval tailored to your needs.

2



Upload & Track

Submit your documents and monitor your application in real time via our **onTrack** portal.

4



Approval & Signing

Review and sign your mortgage documents and loan agreement via onTrack.

5



Settlement

Your loan settles, which means your funds will be ready.

6



Manage Your Loan

You'll receive your login details to manage your repayments and account details via our **Smart Money** app.

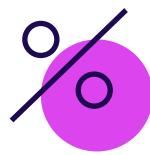
7 The onTrack app



Apply anytime
and from
anywhere



Fast tracked
pre-approval in
minutes

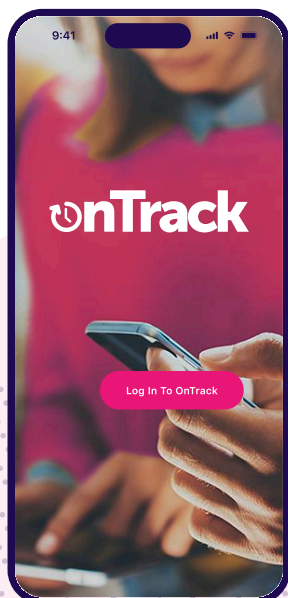


Smarter
lending to get
you moving
sooner



Online
convenience,
local support

At loans.com.au, we believe applying for a home loan should be a hassle-free process. With that in mind, our customers have access to their loan application on-the-go through our secure online portal, onTrack. After the loan settles, customers will receive their login details to manage repayments via our Smart Money app.



- ✓ Manage and track your application 24/7
- ✓ Book an appointment with your lending specialist at your convenience
- ✓ Upload your documents for approval with ease
- ✓ Get alerts straight to your phone
- ✓ Easy to download mobile app

Download onTrack



We're award winning, which means
that's a win for you too!



8 Bridging loan terminology

Bridging loan

A short-term borrowing product that is designed to bridge a financial gap.

Pre-approval

When a lender agrees in principle to lend a borrower a certain amount following the lender's validation and assessment. This is not equivalent to a loan approval or a guarantee of approval. This is also known as conditional approval.

Peak debt

Peak debt is a combination of the remaining balance you owe on your previous mortgage plus the funds you've borrowed to purchase the new property. It also includes all the fees related to closing your old mortgage and opening your new bridging loan.

It is the highest amount you'll owe during your bridging loan. The peak debt is calculated before you sell your current property and start making repayments, so it may seem quite high at first glance.

End debt

When your existing property is sold, the proceeds from that sale will go directly to

reducing the peak debt. This will also cover additional fees such as sale costs and agent fees. What's left of your bridging loan balance after that will become the end debt.

Once the bridging period is over, your bridging finance will turn into a standard mortgage. This means you'll be making regular repayments towards the end debt until it's fully paid off.

Interest payments

Usually, minimum repayments during the bridging period are interest-only, meaning borrowers don't have to make payments towards both the remaining balance on their existing loans and the new loan they've taken out.

Sometimes the interest during the bridging term is capitalised until the sale of the existing home. This lets the interest accrue, then it is added to the peak debt. Doing so can help borrowers manage their finances better during the bridging period, but can increase peak debt.

This is a guide only and details are subject to change at any time. Information in this guide is general only and does not take into account your personal circumstances or objectives. This guide does not constitute financial or legal advice. Please consider seeking independent professional advice when deciding whether a product is right for you.

9 Contact us



Call us on 13 10 90

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