

In the dynamic world of property finance, bridging loans play a critical role in helping investors and developers bridge gaps quickly—whether at auctions, to solve chain breaks, or to fund refurbishments. A question often asked by those new to this sector is how lenders can offer **125% LTV bridging loans**, surpassing what seems like the conventional limit of borrowing against property value.

This article, informed by insights from *European Business Magazine (EBM)* and analysis conducted by *NST Publishing Ltd*, unpacks the mechanics behind these supercharged financing products. Along the way, we highlight lenders like *KIS Finance* who operate in this space and explain the importance of execution speed, loan sizes, tailored terms, and exit strategies.

Understanding Bridging Loans and LTV

A bridging loan typically provides short-term finance secured against property, enabling borrowers to meet time-sensitive obligations. The Loan-to-Value (LTV) ratio quantifies the loan amount relative to the property's value, with lenders traditionally offering up to 75%-85% LTV on standard bridging loans.

However, when we speak of **125% LTV bridging loans**, we're essentially discussing loans that exceed the property's current valuation, factoring in additional security or cross collateralization. This approach is not typical but can be a lifeline in certain high-flexibility financing scenarios.

What is 125% LTV Bridging Loan?

A 125% LTV bridging loan means the borrower can access funds up to 125% of the value of the primary security property. How is this possible without exposing the lender to excessive risk?

- **Additional security bridging:** The lender may require secondary assets or properties held by the borrower as extra security.
- **Cross collateral bridge:** Multiple properties are used collectively as collateral, allowing the overall value to cover a higher loan amount.
- **Future value considerations:** In projects involving refurbishments or developments, anticipated property value post works may support higher lending.

These mechanisms enable lenders like *KIS Finance* to offer substantial loan sizes spanning a wide spectrum — from **typical bridging loan sizes ranging from GBP 50,000 to over GBP 30 million**. The key is rigorous underwriting supported by additional security and exit route planning.

Use Cases for 125% LTV Bridging Loans

1. Bridging Loans for Auctions

Auction purchases demand speed and certainty. Borrowers may require funds exceeding the property value to cover purchase price, fees, and initial repairs. Here, a 125% LTV bridging loan with additional collateral helps meet the full capital requirements immediately.

2. Chain Breaks

Chain breaks add urgency and risk. If a borrower is stuck in a chain where other transactions fall through, bridging finance with a high LTV can provide liquidity to keep the transaction moving or prevent a collapse.



3. Refurbishments and Value Adds

When the borrowing property requires renovation, the current value might be low but the forward value post-refurbishment will be considerably higher. Lenders may factor in this uplift and offer a cross collateral bridge using other properties to get funding beyond 100% LTV.

Execution Speed vs. Headline Rate

One crucial takeaway from lenders and borrowers alike is the importance of **execution speed over a headline interest rate**. While headline rates may look attractive, delays in the paperwork or valuation may cost much more in lost opportunities at auctions or chain continuity.



KIS Finance specialises in quick turnaround bridging solutions, emphasising the balance between cost and speed. Borrowers are advised to prioritise lenders who can provide swift decisions and disburse funds accordingly.

Loan Sizes and Suitable Borrower Profiles

Loan Size Typical Borrower Purpose Examples GBP 50,000 - GBP 500,000 Individual property investors, Small developers Auction purchases, quick chain breaks, minor refurbishments GBP 500,000 - GBP 5 million Established developers, property companies Multiple property portfolios, significant refurbishment projects GBP 5 million - 30+ million Large-scale developers, commercial borrowers Multi-property cross collateral bridges, development funding

This wide range means bridging loans can suit a variety of clients. Those looking for a **125% LTV bridging loan** may fall across the spectrum but will invariably require additional security or multiple assets to facilitate risk mitigation.

Terms and Exit Strategy Planning

Because bridging loans are short-term products, typically ranging from 3 to 18 months, an exit strategy is critical. Lenders require clear articulation of how and when the borrower plans to repay the loan:

1. **Refinance:** Switching to longer-term finance such as a traditional mortgage upon refurbishment completion or tenant agreements.
2. **Sale:** Selling the property post-upgrade to repay the bridging loan.
3. **Other proceeds:** Income streams or capital movement from other dealings within the borrower's portfolio.

Without a viable exit plan, even the most generous LTV offers can be denied. This aspect remains a focal point during underwriting, where *NST Publishing Ltd* highlights the importance of transparency to avoid default or enforced sales.

How to Stay Up-To-Date with Bridging Loan Insights

For further insights and updates on specialist finance such as bridging loans, subscribers can join platforms like the Beehiiv subscribe page. Regular newsletters cover industry trends, lender offers, and case studies.

Additionally, industry magazines hosted on platforms such as Issuu offer downloadable *Latest Issue* content packed with financing analyses, lender interviews, and market predictions. Publications from *European Business Magazine (EBM)* often feature deep dives into complex products like 125% LTV bridging loans.

Final Thoughts

Offering a **125% LTV bridging loan** is not an exercise in reckless lending. It demands meticulous underwriting, additional security provisions, and a clear exit strategy. Companies like *KIS Finance* demonstrate that by incorporating *cross collateral bridging* and additional asset security, high LTV lending becomes feasible, serving diverse borrowers from auction buyers to large-scale developers.

Remember, speed and execution are often more valuable than headline rates when it comes to bridging finance. Interested borrowers should carefully assess their needs, potential loan sizes, and ensure that an informed exit plan is in place before engaging with lenders offering superhigh LTV products.

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