



Bridge to Let: Get the Lendco Lowdown on HMO Conversions

Benefits of Purchasing with Bridging Finance

Purchasing and refurbishing a property using bridging finance can offer significant benefits, particularly when it comes to increasing the property value. This is especially true for those looking to convert a property into a HMO, and for landlords looking to tap into the HMO market, purchasing a property with bridging finance can offer many advantages.

Speed and Flexibility

Bridging finance is known for its speed with funds typically secured in a matter of days. This is crucial for investors looking to buy on time-sensitive opportunities. Bridging loans are also flexible, allowing investors to borrow based on the property's current value and the projected value after refurbishment (GDV). This flexibility is especially valuable for properties needing work to be converted into HMOs.

Bridging for Refurbishment

HMO conversions can involve major renovations, and bridging finance is perfect for these types of projects. The loan can cover both the purchase and refurbishment costs, allowing investors to purchase properties that others may avoid due to their condition. This flexibility enables investors to unlock greater value in properties that require work.

Exit Strategy: Bridging Finance to Buy-to-Let Mortgage

After completing the HMO conversion, investors can exit bridging finance by refinancing onto a buy-to-let mortgage. Working with the same lender for both the bridging loan and buy-to-let mortgage offers some key benefits:

1. **Faster Transition:** The lender's prior knowledge of the project can ensure a smoother, quicker refinancing process.
2. **Simplified Communication:** A single lender streamlines communication, reducing delays and miscommunication.
3. **Lower Costs:** With a clear understanding of the property, the lender may reduce the need for additional valuations or administrative costs.
4. **Ongoing Relationship:** A long-term partnership with the lender fosters smoother transactions and better support.

Conclusion

Using bridging finance to purchase and refurbish a property into an HMO can be a strategic, efficient move. By working with the same lender for both the bridge and buy-to-let mortgage, investors can streamline the process, reduce costs, and unlock the full potential of the property.

Lendco can help with the bridge and exit, offering full procurement fees on both with bridging rates starting from 0.75%, with a 0.10% discount on new business rates for the exit. Underwriting is done simultaneously, ensuring a seamless and quick process.

Find out more:

https://lendco.co.uk/products/bridging-finance/?utm_source=TRM&utm_id=TRM+April+2025