

Bridging Loan.

Information sheet.

Current as at 5th October 2017

If you want to purchase or build a new owner-occupied home before you sell your existing property, a bridging loan can help. Here's how it works.

Buying an established home	Building a new home
<ul style="list-style-type: none"> We establish a new loan and advance you the funds to purchase your new home. You continue to make repayments on your existing home loan. In the meantime, interest is charged on the new loan as normal and is capitalised to the loan monthly. You are not required to make repayments for 6 months or until you sell your existing property (whichever occurs first). 	<ul style="list-style-type: none"> We establish a new loan to purchase the land (if required) and to cover the cost of construction. The loan is advanced in progress payments during the course of construction, just like an ordinary building loan. You continue to make repayments on your existing loan. In the meantime, interest is charged on the new loan as normal and is capitalised to the loan monthly. You are not required to make repayments for 12 months or until you sell your existing property (whichever occurs first).

How much can I borrow?	<p>You can borrow up to 100% of the value of your new home plus additional funds to cover the costs associated with the purchase (such as stamp duty), provided the combined value of your existing loan and the bridging loan does not exceed 75% of the total value of both properties.</p> <p>The value of both loans includes the amount of interest that will be charged on the new loan during the bridging period.</p> <p>Your ability to afford repayments on the remaining loan amount after the sale of your property is also considered in determining the amount we will lend you. The remaining loan amount is based on:</p> <p>The loan amount required to purchase or build the new home:</p> <ul style="list-style-type: none"> Plus the interest that will capitalise to the loan during the bridging period; Minus the agreed amount (if any) that the new loan can be reduced from your sale proceeds.
Can I make repayments on my new loan?	Yes, you can make repayments to your new loan during the bridging period. This is not required but can help reduce the amount of interest capitalised to your loan and therefore the amount of your loan at the end of your bridging period.
What interest rate options are available?	Bridging loans are only available on a variable interest rate. At the end of the bridging period you have the option to change to another variable rate or choose one of our fixed-rate options.
What if my existing loan is with another lender?	<p>There is no need to move your existing home loan to us during the bridging period. We will set up the new loan for you and register a second mortgage behind your current lender on your existing home.</p> <p>During the bridging loan period you continue to make your normal repayments on your existing loan.</p> <p>We can even help you move any other accounts you have with them, either when you take out the new loan with us or later when your existing loan with them is repaid.</p>
What happens when my existing home is sold?	<p>Once your existing home is sold, you must repay your existing home loan. Surplus funds will be used to reduce your bridging loan to the agreed amount.</p> <p>If you sell your existing home during construction, we will advise you whether you are required to use some or all of the surplus funds towards your construction before any further funds will be advanced.</p>
What if I don't sell within the bridging period?	You should discuss this with us at least 30 days before the end of the bridging period. You will be required to commence making repayments on your new loan unless we agree (at our discretion) to extend the bridging period.

*Eligibility criteria, terms, conditions, fees, charges and normal lending criteria apply. Full details are available on request and will be included in our loan offer.

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