



in Association with



BRIDGING FINANCE

Bridging finance is available to residential and commercial property owners in the following scenarios:

- A. Where there is equity in a property and the owner has concluded a valid sale agreement;
- B. When the owner has obtained approval for a new or additional bond to be registered over the property.

Usually transferring ownership of a property or registering a new or additional bond can take anywhere between 30-60 days. Generally the owner only obtains access to the surplus funds from the sale or new bond at the end of this period but there are often instances when the owner may need to access funds before this takes place. During this period, Rodel is able to provide the owner with bridging finance before registration of the sale or the new bond. To facilitate this, the owner enters into a discounting agreement whereby Rodel acquires the equity/surplus for a fixed fee and, in return, immediately pays the owner up to 80% of the value of the equity/surplus. Rodel then obtains an undertaking from the conveyancing attorney that the equity/surplus will be repaid on registration of the transfer or the bond.

Rodel does not specify how the funds are to be used, but typically they are used for any of the following:

- **as a deposit on a new property**
- to pay transfer duty on a new property
- to cover the cost of outstanding rates/taxes/levies on the property being sold
- for repayment of personal debt
- to provide working capital funding for businesses

Example:

Sue sells **house A** for R1 million, she still owes ABSA R500 000 on the property. She puts in an offer to purchase **house B** for R1,2 million, she can however only obtain a bond for R1 million from FNB. The problem is that Sue does not have the R200 000 cash deposit to secure the purchase of house B.

A possible solution is that Sue can bridge the R200 000 from the proceeds of the sale of **house A** and use the cash to pay the deposit on the purchase of **house B**, thus ensuring that the purchase of house B is concluded successfully.

Limitations:

- Can't be used for 1st time buyers
- Doesn't apply if the seller sells for less than is owing to the bank, ie there is no equity to bridge.

If you have any clients that require Bridging Finance please complete the Bridging Finance application form and e-mail it to info@rodel.co.za **and** cc bridging@multinetgroup.co.za or fax to 031 303 9913 (landline 031 303 7722)