Bridge Basics (Not the Card Game!)

A Bridge Loan can be an effective solution if you need to pull equity out of an existing property to purchase a new property. It can especially come in handy **if you suddenly come across the perfect home to buy – but you have not yet sold your existing home** (and you know that your income is likely insufficient to cover the mortgage payments on two properties at the same time).

Provided your credit score is at least 680, up to 75% of the value of your current, to-be-sold home may be extended to you via a Bridge Loan in one advance. The Bridge Loan proceeds would need to be used to fully repay your existing mortgage balance, but you can also use any leftover loan proceeds towards the down payment on your to-be-purchased home. **The Bridge Loan structure allows you to make an offer on a new property, which is not contingent on the sale of your existing property.**

Bridge Loans are generally due in 12 months, which is ample time to sell your existing property. **No mortgage payments are required to be made on the Bridge Loan until your property is sold** (at which time the principal would be paid back plus accrued interest). And, because there are no monthly Bridge Loan payment requirements, Bridge Loan obligations are not counted towards the lender's debt-to-income ratio calculation. The same lender will then separately advance you a permanent loan of up to 80% of the value of your to-be-purchased primary residence.

Here's the Point: ***Bridge Loans are alive and well, and therefore you don't necessarily need to have sold your current home before purchasing your dream home.***