

The top four things you need before applying for refurbishment finance

Blog

10.12.21



Are you considering applying for refurbishment finance to get your project started? Taking out any type of loan needs to be carefully considered, but you can take the following steps ahead of time to prepare before making your loan application. It should be noted that any property used as security is at risk of repossession if you do not keep up with your payments.

Taking the time to carefully plan your refurbishment will help you estimate the facts and figures, leading you to a refurbishment loan provider that is right for you. Some providers will lend against your principal residence, which you may not have considered before an application. TAB loans however are unregulated so we can't lend on your principal residence, but if you have an investment

property we might be able to.

Below, we take you through what you will need before applying for refurbishment finance.

1. The numbers

Every lender will require different information during the [refurbishment loans](#) process. However, getting all the following details in order and doing some number crunching is the best way to be prepared:

- The location and value of the property
- Planning permission details
- Refurbishment costs
- Evidence of expected value upon completion

2. Understanding the lending criteria

While getting your finances in order before applying for a refurbishment loan is crucial, it's important to understand the lender's criteria too. You will need to pay attention to the term of the loan as well as the loan to value (LTV) – this is a percentage based on the size of the loan compared to the price of the property. A minimum loan and a maximum facility will also be present with most providers as well. It also pays to investigate whether your shortlist of providers have experience with the type of project you're undertaking and asking for case studies or examples can be helpful when trying to decide upon the best option for your requirements.

Most refurbishment finance lenders operate on a case-by-case basis, and as a borrower (either new or experienced), just like the lender, you will need to undertake due diligence to ensure you're in safe hands and all information (including any fees) is provided to you on the outset.

3. Outline the team

Unless you're planning on completing all the refurbishment work yourself you will likely hire professionals to help. This is particularly important if removing walls or extending a property as the

building's structural integrity could be at risk.

Some lenders may want to know the companies or contractors you will be using to complete the work. What their purposes is, how long their involvement will be, and a quoted cost. This is not the same for every lender, but it is handy information to have regardless as it will help you with logistics, planning, and finances.

Depending on the scale of the project you may want to consider appointing a project manager if you're not taking on the role yourself.

4. Exit strategy

Not only will a lender want to check that your intended refurbishment is feasible, but they'll also want you to have an exit strategy in place too. At the end of your project, you will be expected to repay the final sum, as outlined by the lender, and before they lend any money they will expect to see how you will repay considered. It is vital as a developer to explore the different exit paths in depth before going ahead with a refurbishment and securing the capital.

When your refurbishment loan term ends remember you will be charged interest on the outstanding amount you owe. Therefore, it's in your best interest to limit delays and ensure your loan is redeemed on time.

This article is for information only and does not constitute advice or a personal recommendation. When it comes to finance, any property used as security is at risk of repossession if you do not keep up with your payments. If you are unsure of the risks, you are advised to obtain appropriate professional advice.

Capital is at risk. Property values can go down as well as up. Borrowers may default and investments may not perform as expected. Interest and income are not guaranteed. Returns may vary. You should not invest more than you can afford to lose. TAB is not authorised by the Financial Conduct Authority. Investments are not regulated and you will have no access to the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). Past performance and forecasts are not reliable indicators of future results and should not be relied on. Forecasts are based on TAB's own internal calculations and opinions and may change. Investments are illiquid. Once invested, you are committed for the full term. Tax treatment depends on individual circumstances and may change.

You are advised to obtain appropriate tax or investment advice where necessary. Understand more about the key risks [here](#).

TAB is a trading name of TAB London Limited. Registered in England and Wales with registration number: 11225821 and whose registered office is at 101 New Cavendish Street, London W1W 6XH.