

Bridging the gap: Introducing MFS



✓ Adam Cadle talks to Market Financial Solutions CEO Paresh Raja about the benefits of the bridging loan market

Why are bridging loans a good alternative finance solution in the current environment, and why are brokers increasingly turning to bespoke lenders such as MFS?

To understand why bridging loans have become a leading alternative finance solution today, it is important to understand the evolution of the bridging sector over the past decade.

In my mind, bridging loans rose to prominence in the aftermath of the global financial crisis. At the time, banks were extremely risk averse and limited the number of products and services available to the market. This proved challenging for investors and businesses, particularly those in unique financial circumstances who needed finance in place to overcome pressing circumstances.

Naturally, these investors and businesses were compelled to look beyond the high street. And what they found was a community of lenders willing to work with them to arrange bespoke finance solutions that could be deployed quickly. Market Financial Solutions was one of these lenders, and since then, we have seen the value of the bridging market grow to over £9 billion.

Moving forward to 2020 and I would argue that we are seeing very similar market conditions. Confronted by a pandemic that caught the majority of businesses, governments and investors off guard, the challenge has been to manage prevailing market uncertainty.

During the first lockdown, mainstream lenders limited the availability of their products and services. Suddenly, existing property transactions were at risk of falling through and there were real fears that mainstream loans would not be deployed to meet transaction deadlines.

The introduction of the Stamp Duty holiday in July changed all this, and mainstream lenders are slowly returning. However, property investors still face challenges, be it time delays when having

an application processed and deployed, or the risk of being rejected due to unorthodox circumstances. Research by MFS in September revealed that 52% of homeowners wanted to take advantage of the Stamp Duty holiday but were concerned about their ability to get a mortgage.

Once again, bridging loan providers have stepped in to assist and there has been an increase in demand for specialist finance as a result. MFS recorded its strongest November on record with the deployment of £45 million worth of bridging loans.

This momentum has continued in 2021. As a result, we have been able to secure a £150 million funding line to meet ongoing demand. The reason for this demand remains the same – borrowers and brokers want fast and tailored finance products provided by professional and experienced lenders.

Can you explain your products on offer?

We offer bridging finance for a range of different circumstances.

These include residential purchases, purchasing at auction, and purchasing buy-to-let investment properties. We also provide solutions for commercial and semi-commercial requirements on both a 1st and 2nd charge basis. We also provide bridging for Refurbishment and Light Development projects.

Our main forte however is our ability to find bespoke solutions for almost any situation. We particularly thrive on those complex cases that other lenders are quick to turn down.

Our approach is a hands-on one, where we are transparent from the outset – we underwrite at the front end so that when we say yes, we really mean it. Rates start from 0.59%, and we don't add hidden charges throughout the process, which allows our brokers and borrowers peace of mind when they work with us.

How do you maintain the speed around clients' abilities to have access to funding?

A key advantage of bridging finance is speed. It is the reason why brokers and borrowers actively seek out bridging loan providers. As such, MFS is constantly reviewing its existing processes so that bridging loans can be deployed within days of an enquiry being received.

There are two reasons for this.

The first has to do with MFS' investor relations. Our ability to deploy finance and arrange creative exit strategies ensures we remain a popular destination for investors seeking to engage with our credit lines. Through this strong relationship, our credit lines are constantly being topped up and are ready for deployment.

The second reason concerns our in-house expertise. Over the years, MFS has built an experienced and dedicated team of hardworking individuals – some of the best and brightest minds the industry has to offer. It means MFS can assess different cases quickly with the utmost professionalism and diligence, no matter how complex or unique.

These two factors are key for clients seeking access to fast funding.

What are the firm's aims and ambitions going forward?

I am extremely optimistic about MFS' future prospects. The team is growing, our credit lines are constantly being topped up and the number of enquiries for bridging loans is rising. I see this as a positive sign for the bridging market as a whole. Awareness of alternative finance is growing, and bridging finance is becoming recognised as a viable alternative for more and more borrowers and brokers.

While COVID-19 has indeed posed its challenges, I have also seen this as an opportunity to step back and look at ways of further enhancing our products and services. We have some very exciting initiatives on the way, and I see 2021 being full of opportunities.

Overall, MFS' commitment to fast and bespoke bridging loan solutions will naturally lead to growth for the business.

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