

If you're exploring [bridging loan exit strategy](#) short-term finance options for property deals or urgent funding needs, bridging loans often come to mind. However, the true cost of a bridging loan can be a puzzle: the advertised monthly rates, the fees, the legal and valuation costs — all can add up in ways borrowers don't initially expect. Understanding the **bridging loan 6 month cost** and how the various factors influence pricing is key to making an informed decision and avoiding nasty surprises.



What is a Bridging Loan and Why Costs Matter

A bridging loan is a short-term loan, typically 1 to 12 months, designed to “bridge” a financial gap. In the UK property market, these are commonly used for fast purchases, property refurbishments, or when waiting on long-term finance. The typical borrowing period for many clients is around six months, which is long enough to cover a project but short enough to require clear budgeting of costs.

But how much does bridging finance actually cost for 6 months? The answer is more nuanced than just multiplying a monthly rate by 6 or comparing it directly to annual mortgage rates. To understand the **bridging loan total cost percentage** and get an accurate **bridging loan fees breakdown**, borrowers should look beyond simple rate figures.

Typical Cost Ranges: Expect 7% – 15% Total Cost for 6 Months

Based on market intel and broker experience — including data shared by sources like *Iredell Free News* and insights from established lenders such as *KIS Finance* and *KIS Bridging Loans* — the typical total cost of a bridging loan over 6 months generally falls between:

- **7% to 10% total cost** for loans with low Loan-to-Value (LTV) ratios, usually below 55%
- **10% to 15% total cost** as LTV increases toward 75–80%

These figures represent the combined interest, arrangement fees, and other associated costs averaged over the 6-month term. This means if you borrow £100,000, you might be paying anywhere from £7,000 to £15,000 total in costs for that half-year period—depending largely on your loan specifics.

Why You Should Always Sanity-Check the Total Cost as a Percentage of the Loan

One of my quirks, from years of processing bridging applications, is to always sanity-check that all costs added together make sense as a percentage of the requested loan amount. I've seen borrowers get shocked when fees are rolled into the loan balance and then charged interest on too — this can inflate total costs substantially.

For example, a 2% arrangement fee on a £200,000 loan adds £4,000 upfront. If this £4,000 is added to the loan amount, you then pay interest on £204,000 instead of £200,000, increasing the effective cost.

Monthly Interest Rates: Why They Matter and How They're Quoted

Bridging loan interest rates are almost always quoted on a monthly basis — for example, 0.7% to 1.5% per month — which can confuse borrowers used to annual mortgage rates. Here's why monthly rates are used:

- **Short terms:** Bridging loans are designed for shorter periods, often 3–12 months. Monthly rates allow lenders and borrowers to calculate precise costs without annualising rough estimates.
- **Interest accrual:** Interest is accrued monthly and typically capitalised (added to the loan) or paid monthly, so quoting monthly rates aligns with billing schedules and repayments.
- **Comparison pitfalls:** People sometimes compare a 0.8% monthly bridging rate to a 3% annual mortgage rate, which is misleading. Multiplying $0.8\% \times 12 = 9.6\%$ effective annual cost, some months charged on fees too, shows bridging is more expensive for short-term borrowing.

To give a clearer idea, here's an example table of typical monthly interest rates by LTV:

LTV Range	Typical Monthly Interest Rate	Indicative Total Interest for 6 Months
Up to 55%	0.50% – 0.80%	3% – 4.8%
55% – 75%	0.80% – 1.20%	4.8% – 7.2%
75% – 80%	1.20% – 1.50%	7.2% – 9%

Note: These interest figures are approximate and exclude arrangement fees, valuation fees, and legal costs — all of which add to the total cost.

Loan-to-Value (LTV): The Pricing Lever That Makes the Biggest Difference

LTV is the ratio of your loan amount to the value of the security property. In bridging, LTV strongly influences the cost because it reflects risk:

1. **Lower LTV (under ~55%):** Lower risk for lender, so cheaper rates and fees. Often best for solvent borrowers with strong exit strategies.
2. **Mid-range LTV (55% to 75%):** Moderate rates, reflecting a balance of risk and borrower profile.
3. **High LTV (75% to 80%) and above:** Higher rates and fees to compensate lenders for increased risk. Some lenders have strict LTV caps.

Understanding your LTV allows you to estimate your starting costs and compare offers more accurately. Don't accept vague phrases like "low rates available" without asking what LTV that applies to.

Bridging Loan Fees Breakdown: Beyond Interest

The total cost isn't just interest. The following fees commonly apply, and many are essential for the loan to be legally sound and administratively processed efficiently:

- **Arrangement fee:** Typically 1% to 2.5% of the loan amount, charged upfront or capitalised.

- **Valuation fee:** An *independent valuation report* is required by lenders to confirm property value and condition. This can cost between £300 to £600 depending on location and property type.
- **Legal fees:** Legal representation is required for both borrower and lender. Borrowers should budget £750 to £1,500 for solicitor fees, while lenders cover their own costs separately.
- **Exit fees or early repayment charges:** Some lenders charge fees if the loan is repaid sooner than agreed.
- **Broker fees:** If using a brokerage, there may be fees or commissions payable.

The Importance of Legal Representation

Legal representation protects your interests and ensures the loan terms and security documentation are professionally handled. Both borrower and lender will have separate legal teams — never skip this step. Independent legal representation is a crucial part of the cost, often overlooked by borrowers focusing solely on headline interest rates.

Exit Strategy Clarity and Evidence: The Most Critical Factor

Lenders want confidence that you can repay the loan at term end — this is your exit strategy. Common exit routes include:

- Refinancing on a longer-term mortgage
- Sale of the property securing the loan
- Sale of other assets or injection of funds

Clarity and evidence behind your exit strategy matter more than anything else. Brokers at firms like *KIS Finance* and *KIS Bridging Loans* emphasise that hand-wavy or assumed exit plans often doom applications or inflate costs. Lenders price risk heavily if exit plans lack documentation or realism.

Ensure you have clear proof such as:

- A mortgage offer in principle or proof of eligibility
- Sales agreements or estimated sales timelines
- Funds available for repayment

Failure to present a credible exit plan will almost always push the cost to the higher end of the scale.

Summary: What to Expect When Budgeting Bridging Loan Costs for 6 Months

Cost Element Range for £100,000 Loan Comments Interest £3,000 – £9,000 Based on 0.5%-1.5% monthly rate × 6 months, varies with LTV Arrangement Fee £1,000 – £2,500 1% to 2.5% typical; can be capitalised Valuation Fee £300 – £600 Independent valuation report necessary Legal Fees (Borrower side) £750 – £1,500 Separate lender legal fees apply Broker Fees (if applicable) Varies Dependent on broker arrangements

Estimated total cost as % of loan: 7% to 15% for a 6-month bridging loan, combining interest and all fees.

Final Thoughts: Don't Budget Just Interest — Get a Full Breakdown

Many borrowers approach bridging finance thinking only of the headline monthly rate. But as I witnessed in numerous case calls — even on simple six-month loans — the total bridging loan fees breakdown often surprises

them.

If you want an accurate understanding of the **bridging loan 6 month cost**:

- Request detailed fee schedules from lenders like *KIS Finance* or brokers who can clarify all costs upfront.
- Ensure you factor in *independent valuation reports* and *legal representation for both borrower and lender*.
- Be transparent and prepared on your exit strategy — it materially affects your rate and fees.
- Always sanity-check your total cost as a percentage of the loan amount before signing.

Armed with the right information and realistic expectations, your bridging loan can be a powerful financial tool without unexpected costs.



For ongoing updates on property finance and bridging loans in the UK, keep an eye on *Iredell Free News* and trusted lenders like *KIS Bridging Loans*.