

Institutional Flip

Bring institutional discipline to a large renovation.

OVER $2M REQUESTED LOANS

Who it is for

Experienced sponsors, developers and professional investors requesting residential renovation loans above $2M. Strong liquidity and a demonstrated ability to execute a large budget are expected.

Ideal projects

Large residential and luxury renovations with a detailed sponsor package, procurement plan and independent support for completed value. Explain contingency funding, specialist contractors and the effect of a slower high-value resale.

Experience, credit and liquidity

Historical material indicates potential single-asset capacity around $15M and approximate screens of 85% LTC and 75% LTARV, subject to tier. These are historical, transaction-specific references requiring current confirmation. Document cash available after closing for contingency, carrying costs and work awaiting reimbursement. Borrowed or partner funds need to be disclosed. The same cash cannot safely support several simultaneous projects without a portfolio-level plan.

BRING THE COMPLETE DEAL

Property + purchase price + rehab budget + experience + exit plan

Subject to underwriting. Not a commitment to lend. Images are AI-generated and illustrative.

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Leverage and valuation framework

Size the loan against every applicable constraint: acquisition advance, total loan-to-cost (LTC) and loan-to-after-repair value (LTARV). LTC compares financing with eligible project cost; LTARV compares financing with the supported completed value. LTV uses the value basis specified by the lender and should not be substituted for ARV. The most restrictive applicable limit can control. Rehab holdbacks, financed costs and reserves can reduce the amount available for acquisition. Request a cash-to-close worksheet that includes your equity, closing costs and funds needed between draws.

Rehab and draw mechanics

Prepare a line-item scope with labor, materials, permits, contingency and a realistic completion schedule. Identify work already completed and work requiring licensed specialists. Ask whether funds are reimbursed after inspection, whether an initial advance is available, and which costs are ineligible. Do not assume that an approved rehab budget is cash delivered at closing. Confirm inspection charges, draw turnaround, lien waivers, retainage and change-order approval before the contractor mobilizes. Keep enough working capital to pay for work between draws.

Property and location considerations

Submit the address, property type, unit count, current condition, occupancy and intended use at the start. Eligibility depends on the collateral and market as well as the borrower. Flag major structural work, additions, zoning changes, flood exposure, title issues, access problems and existing tenants early. Confirm state availability and any property restrictions before relying on a closing date. Business-purpose residential financing does not establish eligibility for an owner-occupied home, agricultural operation or unrelated commercial project.

Exits and downside planning

For resale, support the target price with comparable closed sales and a marketing period that extends beyond construction completion. Include commissions, concessions, taxes, insurance, utilities and financing costs in your net proceeds estimate. For a rental refinance, obtain a separate review of property income, condition, seasoning, credit and available equity. Model a lower exit value and a delayed payoff. An extension is subject to its own conditions and costs; neither refinancing nor an extension is guaranteed.

Documentation to prepare

Start with the purchase contract, address, property photos, requested loan amount, itemized rehab budget and estimated after-repair value with comparable sales. Add your project history, entity formation and ownership records, identification, bank statements showing available funds, contractor information, insurance plan and target closing date. Include current debt and an active-project schedule where applicable. Provide sensitive documents through the secure process Karpata specifies, rather than placing account numbers or identity documents in a public inquiry.

Limitations and questions to resolve

All terms require borrower, property and program approval. Ask for the confirmed loan amount, closing advance, rehab holdback, interest basis, fees, maturity, extension terms, guarantees and cash-to-close calculation together. Maximum leverage, minimum credit screens and loan capacity may not apply simultaneously. Verify current state and property availability. A marketing flyer or this guide is not a commitment to lend; the final approved documents control the transaction.

LET'S REVIEW YOUR NEXT PROPERTY

Request a quote | KarpataFinance.com | 480-846-1001

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