

Auction Advantage

Plan the financing before committing to an auction closing.

AUCTION ACQUISITIONS | CLOSING-SPECIFIC REVIEW

Who it is for

Investors considering eligible auction acquisitions that need a specialized closing approach. Discuss the exact sale terms, deposit requirements, property access and settlement timetable early; the program does not guarantee that every auction purchase can be financed.

Ideal transactions and collateral

An acquisition whose title, property condition and funding requirements can be evaluated before the bidder relies on financing. Identify inspection limits and the information available about occupancy, liens and repairs. Confirm what must be paid before any lender funds are available.

Credit, experience and liquidity

The flyer lists $1 million standard capacity, general ceiling references of 80% purchase and 65% ARV, and no published minimum credit score. Qualification is subject to review. The published percentages do not promise a deposit advance, funding without due diligence or a guaranteed auction settlement date. Explain experience, existing obligations and cash available for closing, contingencies and any holding period. Disclose partner or borrowed funds and other projects drawing on the same resources.

BRING THE COMPLETE FINANCING SCENARIO

Collateral + value + existing obligations + requested funds + exit

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

Auction Advantage | Planning guide

Advance and valuation framework

Reconcile the bid or purchase amount with buyer charges, deposits, closing costs and any required repairs. Ask which price basis and ARV evidence the lender accepts and which constraint governs the approved advance. Maintain cash for items not funded by the loan and for deadlines that precede the lender's disbursement.

Execution and funding mechanics

Share the auction terms with the financing and closing teams before relying on the structure. Clarify acceptable settlement arrangements, title review, proof-of-funds needs and remaining conditions. If access or valuation is limited, explain how those issues can be resolved rather than assuming they will be waived.

Collateral and location considerations

Confirm the collateral's legal use, access, occupancy, condition and insurance suitability. Identify material title, lien, damage, environmental or specialized-use issues early. Ask what evidence and third-party review the selected transaction requires. Geographic restrictions and accepted collateral can differ by program. A program label or a marketing valuation does not establish eligibility. Keep unresolved conditions visible in the submission rather than relying on them being waived before closing.

Repayment and downside planning

Define the actual repayment source before relying on the advance. Where repayment depends on a sale, refinance, resale closing, note collections or restructuring, support that path with the relevant evidence. Model a delay and identify funds available for interest, expenses and other obligations. Ask about maturity, repayment controls, prepayment and any extension conditions. Future financing, an extension, a sale or an expected collection is not guaranteed. Compare the proposed payoff with expected net proceeds after transaction expenses and other claims. Identify who controls the repayment funds and what evidence supports their availability. If the primary exit depends on another lender or purchaser, explain the remaining conditions and a practical alternative. A strong collateral position alone does not establish that the planned repayment will occur on schedule.

Documentation to prepare

Provide sale terms, property identification, proposed bid/purchase amount, deposit and timing requirements, available condition information, funds and the exit. Ask what can be reviewed in advance and what remains subject to final transaction approval. Ask for the selected route's actual checklist and identify information still pending. The initial inquiry should explain the transaction clearly; sensitive identity, account, borrower or case documents belong in the secure follow-up process.

Questions to resolve before closing

Review the complete financing structure rather than one headline maximum. Clarify the amount available at closing, any subsequent release of funds, interest calculation, all fees, guarantees and the conditions still outstanding. Match the loan term and repayment mechanics to the documented business plan. Keep a separate cash plan for costs not funded by the loan and ask how material changes affect the original approval.

Limitations and program review

All terms require borrower, credit, collateral and program approval and may not apply together. No published minimum credit score does not mean no credit review. Confirm the approved use of funds, advance basis, fees, guarantees, reserves, funding conditions and repayment terms in writing. This is eligible business-purpose financing, not a consumer home mortgage. Educational preparation questions do not add undisclosed lender policy. Final approved documents govern the transaction. Before accepting terms, reconcile the written offer with your own sources-and-uses schedule. Separate gross loan proceeds from usable cash and identify every payment expected before payoff. Ask the financing team to explain any condition you cannot document or satisfy. Request clarification of conflicting assumptions before scheduling a closing; an early indication should not be treated as final funding authorization.

LET'S REVIEW YOUR NEXT FINANCING TRANSACTION

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

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