



# CPC FINANCE

COMMERCIAL, INVESTMENT  
AND BUY TO LET MORTGAGES

# Your Auction Finance Guide



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CPC Finance UK



# Overview of auction types



## Traditional auction

### 28 day completion

If you are successful at auction, exchange of contracts takes place as soon as the auction ends. You then have 28 days to complete the transaction. Please ensure that you have sufficient funds for the deposit and associated costs.

## Live auction

Live auctions are popular nationwide allowing you to visit and bid in person.

## Modern method of auction

### 56 day completion

Fixed timescales are agreed at the start to ensure the process runs smoothly.

## Security

The seller and buyer enter into a reservation agreement, which commits them to completing the transaction.

## Auction finance

The 56 day completion makes this method accessible to buyers who require auction finance.

## Bid online 24/7

Many auction houses offer online auction events where you can bid on a property of interest through their online platforms, or over the phone.

# Important buyer information



## The Buyer Information Pack / Legal Pack

The Buyer Information Pack (also known as the Legal Pack) is a collection of documents which are provided to help you consider the property you are interested in before you go on to bid.

*The documents may not tell you everything you need to know so it's important to do your own due diligence and investigations as well with your legal team.*

Here are some of the documents you are likely to find in this pack:

- Official Copy of Register of Title (Office Copy Entry)
- Land Registry and Local Searches
- Special Conditions of Sale
- Property Information Form
- Fixtures and Fittings Form
- Management Information
- Leases
- Tenancy Agreements
- Planning Permission Documentation

## Present ID and Proof of Funds

Before your bid is accepted, you will need to show acceptable ID and acceptable proof of funds.

## Top tips for buying at auction

1. If purchasing for investment, research the property before the auction and consider whether the area is suitable for your chosen tenant type, the potential rental income and whether there are local management companies, if you don't live nearby or won't have the time to manage the property yourself.
2. Before the auction, download the legal pack and provide this to your solicitor for review. There may be additional searches you need to do. Make sure you have made all the necessary inquiries to the local council regarding planning permissions and know what legal costs might be associated with them.
3. You may want to pay for a valuation to be carried out on the property prior to auction to ensure it is suitable for a mortgage and attend the auction with a formal mortgage offer in hand.

# A guide to auction finance options

*Auctions can be good places to pick up a property at a competitive price. However, not everybody has the cash readily available to do this.*

You should have your finance in place before going to an auction, this way you know your budget and are able to bid for a property with the confidence that you should be able to meet the timescales required, which are normally 28 days to completion. You will also need the compulsory 10%, cash equivalent, deposit available. If you are interested in buying at auction but need help in raising the finance, there are a variety of options available.

## SHORT TERM LOAN (STL)

Also known as bridging loans, can be secured at short notice and for periods ranging from a month to two years. They can be secured on residential or commercial property. If you need to carry out work on the property, you have the choice between light and heavy refurbishment products, which will depend on the amount of proposed works to be carried out.

## DEVELOPMENT FINANCE

If you are purchasing land to build property, development finance would be an option. A typical set up would assist with the purchase of the land and the build costs.

## BUY-TO-LET (BTL)

If the property you are looking to purchase requires no work to be carried out before letting out, a buy-to-let (BTL) term loan or House of Multiple Occupation (HMO) term loan may be suitable.

## REMORTGAGING

Remortgaging can be a way to release equity from a property in order to raise the capital, which can then be used to purchase a property from auction. Remortgage products are available for residential, BTL and commercial properties.

## SECURED LOANS

For BTL investors, secured loans or second charge mortgages provide a way to release equity from a residential or commercial property, without remortgaging. The property can be residential, BTL or commercial. Secured loans sit behind the first mortgage and enable you to retain any first charge mortgage. Consent may be required from the lender on the initial mortgage.

## EXIT ROUTES

If you have taken mortgage finance in the form of development finance or a short-term loan, you will need to confirm your proposed exit route with the lender at application stage. This would normally be either the sale of the property or renting the property out and therefore taking a term facility product.

**For more information get in touch with:**

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