

8 Steps to Auction Finance Success

A checklist for property investors





1

Define Your Strategy

Before diving into auction listings, be crystal clear on your investment goals. Are you aiming to renovate and flip for a quick profit, or are you building a long-term rental portfolio?

Your strategy will shape every decision. From the type of property you target to the financing you arrange. This clarity will allow you to focus on viewing suitable properties and communicate effectively with your broker and the auctioneers, ensuring you have a strong start to the auction process.

Top tips



Decide if you're aiming for a short-term flip or a long-term rental



Align your property search with your investment goals

Actions



Write down your investment objectives



Check how much you have available for a deposit



Research conveyancers with auction purchase experience





2

Choose Your Area Wisely

While high yields in unfamiliar regions may seem attractive, buying in areas you know reduces risk. Familiarity with local market trends, tenant demand, and pricing quirks gives you a competitive edge.

Plus, access to trusted local professionals can be invaluable during renovations or if issues arise post-purchase.

Top tips

- ✓ **Stick to areas you know well to reduce risk**
- ✓ **Local knowledge helps you spot undervalued opportunities**

Actions

- List areas where you have strong market insight
- Identify local contacts (e.g. tradespeople, agents) who can support your purchase
- Research rental demand and price trends in your chosen area





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Browse Auction Catalogues

Auction catalogues are your first look at potential deals. Most are published online and include guide prices, property descriptions, and legal notes. Don't rush; compare listings carefully and shortlist those that align with your strategy.

Pay close attention to any red flags like structural issues or unusual sale conditions, as these can make securing the right finance challenging.

Top tips

- ✓ Use websites like Rightmove and Auction House to view properties
- ✓ Look beyond guide prices and check condition and legal notes



Take a look at the latest listings with Auction House

Actions

- Shortlist properties that match your strategy
- Create a comparison table with key details (price, location, condition)
- Flag any listings with potential legal or structural concerns





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Do Your Due Diligence

Skipping legal checks is one of the most common, and costly, mistakes auction buyers make.

Always have a solicitor review the legal pack before bidding. It includes title deeds, search results, and sale conditions, essential for avoiding costly surprises. These documents can reveal hidden costs, restrictions, or legal complications.

Top tips

- ✓ **Always review the legal pack with a solicitor**
- ✓ **Look for hidden costs, clawbacks, or restrictive conditions**

Actions

- ⬡ Download the legal pack for each shortlisted property
- ⬡ Book a solicitor to review documents before bidding
- ⬡ Ask about any unusual clauses or risks





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View the Property

Photos and descriptions can be misleading. Visiting the property in person helps you spot issues that could affect your budget or timeline.

If you can, bring a contractor along to assess renovation needs and a surveyor to flag structural concerns. Even minor problems can impact your ability to secure finance, meet auction deadlines and profit.

Top tips

- ✓ **Visit at least twice before bidding**
- ✓ **Bring professionals to assess renovation and structural needs**

Actions

- Schedule viewings and take detailed notes/photos
- Invite a contractor and surveyor to inspect the property with you
- Estimate renovation costs and timeline





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Plan Your Financing

Traditional auction purchases usually require completion within 28 days, while modern auctions allow slightly longer (typically 56 days). The type of auction you bid at and the condition of the property you bid for will impact the property finance you need.

Bridging finance is often a better fit for traditional auctions; it's fast, flexible, and ideal for properties that need work or aren't mortgageable. However, if you purchase a good-quality property at a modern auction, you're more likely to be able to secure a standard mortgage.

Our experienced team can explain the options and help you find the right finance. We can also secure a Decision in Principle (DIP) to give you a better idea of your bidding budget.

Top tips

- ✓ **Auction purchases require fast completion, usually within 28 day**
- ✓ **You may need bridging finance for unmortgageable properties**



Scan to search bridging finance costs

Actions

- Get a Decision in Principle (DIP) with help from your broker
- Speak to a broker experienced in auction finance (like us!)
- Budget for interest rates, fees, and your exit strategy





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Set Your Maximum Bid

It's easy to get caught up in the excitement of bidding, but discipline is key. Know your financial limits and stick to them, as even a small overbid can eat into your profit margin or stretch your budget.

Be sure to consider all costs, including the purchase price, renovation, fees, and build in a buffer.

Top tips

- ✓ **Know your bidding ceiling (and stick to it!)**
- ✓ **Overbidding can reduce profits or stretch your budget**

Actions

- Calculate your max bid, including renovation and fees
- Set a strict bidding limit and don't exceed it
- Factor in your exit strategy when setting your ceiling





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Communicate and Prepare

If your bid is successful, things move fast. You'll need to be ready to pay a 10% deposit immediately and complete within the agreed timeframe.

Keep your solicitor and auctioneer informed throughout. Clear communication can help avoid delays and ensure a smooth process. Vendors may offer short extensions if you're transparent about any issues.

Top tips

- ✓ **Be ready to pay a 10% deposit immediately**
- ✓ **Keep communication open with your solicitor and auctioneer**

Actions

- Prepare funds for the deposit and completion
- Inform your solicitor and broker of your auction date
- Have a clear exit plan (refinance, sell, or hold)



Let's talk auction finance...

Our expert brokers at MFB are here to help you arrange your property finance before you bid, and will work with you to secure the best mortgage or bridging deal available to you.

Not only will they explore the types of rates available to you and calculate how much bridging finance could cost you, but your broker may be able to access a better deal by approaching lenders you otherwise wouldn't have access to.

If you have any questions regarding financing an auction property or want advice on your mortgage application, speak to one of our specialist mortgage brokers.

Get in touch to speak with one of our specialist advisors:



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*...or scan here to
request a callback!*

Any property used as security, which may include your home, may be repossessed if you do not keep up repayments on your mortgage

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