

Buying at auction?

Here's what you need to know

Understanding the bidding process

The auctioneer will start by asking for an opening bid and will then nominate the increments by which the bidding can be raised. For example, an opening bid is placed of \$400,000. The auctioneer then nominates for the bid to be raised in increments of \$10,000. The next person bidding will offer \$410,000, and so on.

To place a bid, you simply attract the attention of the auctioneer by raising your hand, calling out your bid or nodding your head when you catch the auctioneer's eye.

Once bidding reaches the reserve price, the property is "on the market" and will sell to the highest bidder when the bidding stops. The reserve price is set by the client prior to the auction and is established as a result of feedback from interested parties during the marketing process.

Registering your interest

If you are interested in bidding for a property, make sure you register your interest formally with Munish. That way, if a pre-auction offer is made, you will be contacted and given the opportunity to submit your best offer.



Types of offers

At an auction or prior to an auction you can only make a written unconditional offer. This is a straightforward offer to buy according to the terms set out in the contract.

Making an offer

If you want to buy at auction, or make an offer before the set auction date, you must be prepared to make an unconditional offer according to the terms and conditions of that particular auction, which will be available to interested buyers.

You must also be prepared to pay a deposit immediately (usually 10% of the purchase price) following the auction.

Buying before auction day

In most cases you can place an unconditional offer prior to auction day. If the offer is at an acceptable level to the client, all other registered customers will be contacted and the auction will be brought forward in accordance with Barfoot & Thompson's Procedure for Pre-Auction Offers.

Simply submit your offer in writing on the Auction Particulars & Conditions of Sale (ask your Barfoot & Thompson salesperson for a copy), accompanied by a 10% deposit cheque and with the following special clause added:

"The offer shall remain open for acceptance by the vendor and may not be withdrawn by the customer until 6.00pm on the second working day after the offer has been first presented to the client."

Before making a pre-auction offer you need to have read, understood and signed the Procedure for Pre-Auction Offers. This form will be given to you by the Barfoot & Thompson salesperson. Your salesperson will also be able to assist you with your written offer should you wish to submit before auction day.

Before bidding at an auction you need to:

- Have read and understood the Auction Particulars & Conditions of Sale
- Be in a position to bid on a cash unconditional basis. You can organise pre-approval through your bank or mortgage broker and then bid up to a price you are prepared to pay
- Be able to pay 10% deposit (by personal or bank cheque or immediate bank transfer) and sign the contract as soon as the auction is over.

What happens once an agreement has been made?

- Once an agreement is unconditional, neither the buyer or the seller can change their mind, and the buyer must pay the rest of the purchase price on the settlement day
- Deposit payments are made by the buyer to the real estate agency, which is required by law to hold the money in an audited trust account, only releasing it when legally authorised
- The balance of the purchase price is paid on settlement, this is usually the day you take possession of the property.

