



Buyers guide to tenders

A real estate tender is a method of buying a property through the process of private and confidential offers made by a set deadline. Find out what types of offer you can make and what you need to do before submitting your offer.

Understanding the tender process

Offers need to be submitted in writing on the standard tender document – your Barfoot & Thompson salesperson will provide these – and deposited at the specified closing location by the tender deadline. Barfoot & Thompson will hold your offer secure until the deadline.

All tenders are opened at the same time in the presence of a Barfoot & Thompson manager or auctioneer. Although vendors reserve the right to negotiate with any tenderer, in most cases a decision is reached on the tender day. If your tender is accepted you are legally bound by the terms and conditions of the tender document.

Types of offers

There are two types of offers that can be made.

- Unconditional – a straightforward offer to buy according to the terms set out in the contract
- Conditional – when your offer to buy has conditions attached, for example, arranging finance or being satisfied with a building report you arrange.

Making an offer

All offers need to be made in writing on the standard tender document. These documents comply with New Zealand Real Estate contract law.

For tenders, you can make an offer conditional on specified conditions, but it will be looked on more favourably if it is unconditional, as there may be competing offers. You must be prepared to pay a deposit immediately; this is usually included with the tender.

Purchasing by tender gives you one chance to present your best offer to the property owner. Unconditional, cash tenders are traditionally the most attractive offers for the vendor, but conditional offers may also be made.

Use a combination of your own instincts and market awareness to decide your price. The salesperson can offer you information about property sales in the area, or you can obtain information from other sources like Quotable Value or a registered valuer.

Registering your interest

If you are interested in submitting a tender for a property, make sure you register your interest formally with a Barfoot & Thompson salesperson. That way, if there is any change of circumstance your salesperson will be able to contact you.

Before submitting a tender you need to:

- Have read and understood the Tender documents
- Insert any conditions or variations to the settlement date you want to add into the Tender document. Barfoot & Thompson salespeople have a range of standard clauses to cover common situations, but you may wish to seek assistance from your solicitor
- Be able to pay 10% deposit (by personal or bank cheque) as soon as your tender is accepted
- Understand that you are legally bound by your tender as soon as it is accepted.

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
- Any conditions need to be satisfied by the due date and it is the buyers responsibility to satisfy those conditions.

Tips

- Tender documents are different from normal Sale and Purchase Agreements, so you may wish to seek legal advice before submitting your Tender
- If you are planning to make a conditional offer based on finance, or selling a home, you may want to think about organising finance or bridging finance so you can make your offer unconditional. This will make your offer a lot more attractive for the seller.