

## Buying a Home at Auction

Is the home you like being sold by Auction? Here are the answers to some commonly asked questions about buying a property at auction.

### Q. What is a Real Estate Auction?

A. Auction is a form of marketing a property through intensive advertising mediums designed to capture the maximum attention of buyers within a set time frame. The process is a means of purchasing real estate through public negotiations to determine the true market value of the property.

### Q. What's the reserve price?

A. The reserve price is usually set on the day of the auction by the vendor. The real estate salesperson is unaware of the reserve. The only person who will know is the Auctioneer. The reserve is generally established by the intending purchases feedback.

### Q. How do we bid at auction?

A. Simply attract the attention of the Auctioneer by:  
Putting up your hand  
By calling out  
By nodding your head when you catch the Auctioneer's eye.

The Auctioneer usually nominates the amount of the bid he is looking for. If you are the successful bidder, you will be asked to pay the deposit and sign the contract.

### Q. Can I buy before auction?

A. Yes, in most cases you can. You simply submit your offer to the agent on a contract of sale and if the price and conditions are agreed to the contract is then completed and the property is sold before Auction. In fact 50% or more auctions are sold this way.

### Q. I can't buy at auction because I have to get finance.

A. That's OK. You can organise through your bank or building society, approval to bid up to a price that you are prepared to pay. This offer would be subject to the bank's valuation. This is simple to organise and only takes a couple of days.

### Q. I want to buy but I have a house to sell.

A. There are two answers. If you are in a sound financial position you may organise a bridging loan. The other way is to buy on a longer settlement date, giving you time to sell and settle your house.

### Q. What is the house that doesn't sell?

A. If the reserve is not reached, it is passed in to the highest bidder. The highest bidder then has the first right to purchase the property immediately after the auction at the reserve price. Otherwise the property will be offered for sale to all other interested parties.

### Q. What contract do we sign and what are the standard conditions?

A. The contract is the standard REIQ contract. This contract is on display at the auction. The usual conditions for purchase at auction are:

1. 10% of the purchase price paid as a deposit, either by cash, bank cheque or personal cheque.
2. Settlement date is 30 days from the signing of the contract.

Your property consultant is specially trained to assist you if you have any questions or if you require further information about auctions