



helpful information on  
*buying your home at auction*



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# A Roadmap to Auctions

## **Get funded**

To bid at Auction you need to be bidding in cash and fully funded. A 10% deposit is required on the day of the auction, with the balance due on the possession date.

You may talk to the auctioneer about extending the possession date and giving you longer to arrange money. Also with an auction you may have a lead up period of up to 5 weeks that also should allow you to get into a cash position. On very rare occasions the vendor may accept an offer subject to something for a very short time, as long as it is confirmed well prior to auction date. Talk to your Agent about this.

## **When the price is right**

The auction system allows you, the market, to firstly appreciate the house and then determine the price. We find as marketers that some people literally become experts in a particular price range and they are able to estimate very accurately what a home is worth. They do this by drawing on the experience of the homes they have looked at in that particular price bracket. If you need help with a guide to the price, ask the Agent for guidance. Whilst you will not get actual figures, an Agent will refer you to homes of similar price, or in a similar bracket that we believe indicates a reasonable price for the auction home. You may also decide to get a professional valuation. You should see an Auction as an opportunity to buy at market value.

## **Ready. Set. Gone**

The modern auction system allows the property to be sold before auction if the marketing contains the words "For Sale by Auction or Prior Agreement." If this is placed on the advertisement it means the vendor will entertain an offer at any stage prior to the auction day. You should not hesitate to make an offer if you wish to get the property off the market. Once again there is an opportunity here, especially if you are in a cash position to own the home without having to outbid others on auction day.

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### What about my house?

One of the benefits of buying at auction is the fact that if the home does actually reach auction, you will have some five weeks, and possibly more with prior permission from the vendors, to organise and get your own home on the market.

The fact that you own a home is not detrimental to your buying at auction. Talk to your Agent about whether in fact they have somebody “waiting” for a home like yours as an early sale may be closer than you think. It is worth remembering that other buyers are possibly in the same position you are and if you do manage to get a cash offer on your home, you are probably in an extremely strong position to either buy the auction property before auction or on the auction day.

If you believe your home is “saleable” you may also consider talking to the auctioneer via your Agent about extending the possession date on the auction property, thus giving you extra time to get your home sold.

### Have I got enough?

Most lending institutions are now conversant with modern auction techniques and once you have worked out the price you believe the property is worth, if you discuss this with banks or lending institutions, you will find they will agree to lend you money up to a certain “bidding price.” This will help you establish your “budget” for the auction and anything further than that will have to be from an input of cash from you.





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## Stage fright

Anyone may bid for you on auction day. They may, if they are a professional person, require written advice as to how high you may wish them to go to. Other Bidder's if you would find it too traumatic, would be your Solicitor, the Real Estate salesperson, perhaps an experienced member of your family or Valuer. With the permission of the vendor and with prior notification you may also bid on the phone.



## On auction day

1. A deposit of 10% of the purchase price is required to be paid on the auction day if you are the successful bidder. That is; you need your cheque book and the ability to have a balance in your account to cover the deposit once it is banked.
2. It is considered if you bid at auction that you have bid unconditionally and for cash, i.e. if your bid is successful, you have bought the home. There is no subject to finance, subject to house sale, you have bought the house. There is nothing to be wary of so long as you have done your homework, and have sought the correct advice along the way. This is like a cash offer on a normal sale and agreement form.
3. Possession date is as per the Particulars and Conditions of sale, and is normally one month after the auction day.
4. Chattels are normally mentioned in the Particulars and Conditions. Look for them and make sure they tie in with exactly what you believe is being left in the house.
5. G.S.T. will also be mentioned in the Particulars and Conditions and you should check that this tallies with what you believe.



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## Particulars and Conditions?

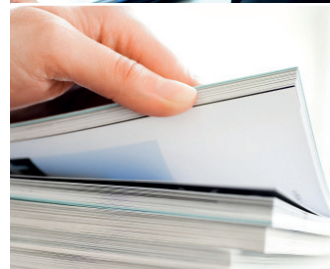
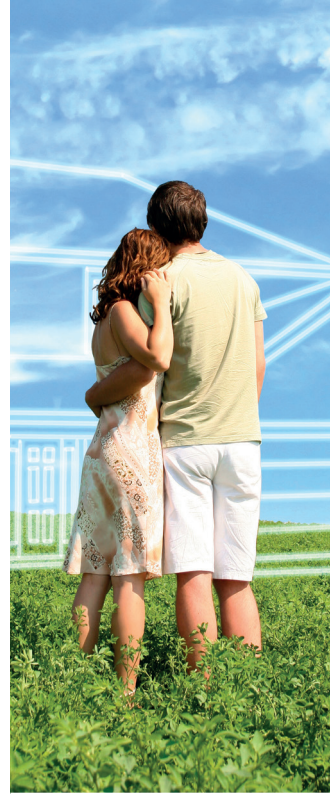
All of the above conditions apply on auction day as they are covered by the Auctioneer. If there are any of these conditions that you wish varied, i.e. you want to pay a smaller deposit, you wish for a longer possession date, some of the chattels don't seem right to you, you should discuss this with the Agent who introduced you to the property and in turn will talk to the Auctioneer for you.

It is not unreasonable for the Auctioneer to come and talk to you prior to the auction and get a clear understanding of what you want. If for example, you require a 3 month possession instead of 1 month, he would relay this to the owner of the home and if it was acceptable you would be told that you can bid with that longer possession date. Do not hesitate to talk about any Particulars and Conditions that you would like altered to put you in a position to buy.

## Money money

The following dates are important whether buying before auction, at auction, or after. If you buy in a cash position these are the dates that you should note.

1. The date of the contract or on the Auction Particulars and Conditions of Sales, signed on the day, is the date that the contract was made.
2. On that day a deposit of 10% or the deposit that has been agreed upon, is due to be paid at that time.
3. The possession date. This is the day you take over the property. It is also the day that the balance of the money, i.e. the purchase price less the deposit already paid, is due. It is worth noting that this may be one month, two months, or three months after you have bought the property.







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## *In Summary*

To buy at auction can be an exciting and a worthwhile opportunity. Many premium homes in the market come up for sale by auction and you should not automatically discount yourself from purchasing them. If you have a home to sell or you are not in a cash position you should discuss this with the Agent concerned and see what can be arranged.

If you can get yourself in a cash position by seeking advice correctly from Solicitors, bankers, and your real estate consultant you may put yourself "ahead" of anyone who can't do that. This would mean you have an opportunity to buy when others may not. Instead of seeing the auction as a daunting affair, we suggest you see it as an opportunity to purchase the home you want at a reasonable price.

Don't forget that both the seller and the real estate company you are dealing with are keen to "sell" that home either before auction, on the day, or as soon as possible after the auction.



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