

# How to buy at an Auction



## ***Do I have to be in a cash position to bid?***

The straight answer to this question is yes!

To bid at auction you need to be a cash buyer. 10% only is required on the day of the auction, the balance is due on the possession date.

However, as explained below, you may talk to your Ray White salesperson or the auctioneer about extending the possession date, giving you longer to arrange finance and fulfill any other conditions.

Make sure you organise all your “pre purchase” requirements and inspections quickly, as soon as you have decided on the home you want to buy. Some homes may have more interest than others and you may need to move quickly if a property has interest prior to the auction.

## ***How do I borrow money when I don't know the price?***

Most lending institutions are conversant with auction techniques and once you have worked out the price you believe the property is worth, and have discussed this with your bank or lending institution, they will approve your finance up to a certain bidding price. You will then know how high you can bid at the auction.

## ***Can I have someone else bid for me?***

Of course! Anyone may bid for you on auction day. They may, if they are a professional person, require written advice as to how high you wish them to go. Other bidders could be your solicitor, real estate marketing consultant or perhaps an experienced member of your family. With the permission of the vendor and with prior written notification, you may also bid by phone.

## ***What are the normal conditions I would buy under?***

10% of the purchase price is required to be paid on the auction day if you are the successful bidder. We give you our bank account details to transfer the deposit into our account, so you need to ensure you have the funds to cover this.

It is considered if you bid at auction you have to bid unconditionally and for cash, i.e. if your bid is successful you have bought the home. There will be no subject to finance, no subject to house sale clause – 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. You are essentially making a cash unconditional offer. We strongly advise you seek the guidance of your solicitor.

Possession is as per the Particulars and Conditions of Sale and this may vary for each property. If you have a property to sell please see the auctioneer or your sales consultant about an extended time frame as suggested above. Chattels are noted in the Particulars and Conditions of Sale. Make sure they match in with what you believe is being left in the home.

GST will also be mentioned in the Particulars and Conditions of Sale. Please note that on residential homes there is normally no GST payable.

## ***How do I work out the price?***

The auction system allows you and the market to determine the price. We find that most people search in particular price ranges so they are able to decide reasonably well what a home is worth to them. They do this by comparing homes they have looked at in that particular price bracket.

## ***What about selling my house?***

One of the benefits of buying at auction is that some vendors may offer a longer settlement time for buyers to get their own homes sold, so don't let the fact that you own a home hold you back from buying at auction. Talk to your real estate marketing consultant about doing a “Market Appraisal” for you, or they may have somebody looking for a home like yours – an easier sale may be closer than you think. Other buyers may be in a similar position as you, so if you get a cash offer on your home, you could be in a strong position to buy the auction property, either before auction or on the auction day.

## PARTICULARS & CONDITIONS OF SALE

This is the contract you will sign if you are the successful bidder on the day. It is simply a contract that spells out the conditions under which you have bought the home and binds you to the purchase of the home - and binds the seller to sell to you.

The Particulars and Conditions of Sale are available prior to the auction. If you have any questions on wording or clauses to be included, then you should consult the real estate marketing consultant concerned or your solicitor.



## Bidding *Tips*

If your intent is to purchase a property, be decisive with your bidding, make sure your bid is clear and seen by our auctioneers. If you hold back there is a good chance that you may miss out.

Have the number you're prepared to go to worked out in advance. Make sure you and your partner are on the same page to avoid having to stop and have discussions during active bidding, this sends signals to other buyers that you may be close to your limit. Quick and confident bidding is the key to success.

When the auctioneer calls for opening bids, be confident, assertive and the first one to raise your hand. This shows clear intent to other buyers that you are there to own the property. When another buyer comes back with a counter bid, don't be afraid to respond with your next bid quickly and decisively. This gives the impression that you've got the funds and that you're there to buy the property no matter what, which can discourage other buyers.

Sit or stand in a location where you can observe the other buyers in the room. You'll pick up important visual cues; facial expressions, signals between partners, even body language can give you a good indication of when your competition have reached their limit.

If another bidder drops the bidding amount, eg from \$5,000 to \$1,000, they may be signalling that they are coming close to their limit. Coming back quickly with the previously higher \$5,000 bid, will show confidence.