

A Guide to Buying at Auction

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Bradleys Estate Agents provide this guide to purchasing a property through auction as a helpful document for those who have not purchased through auction before. If you are in any doubt with regard to the procedure for purchasing at auction then please do not hesitate to contact Bradleys Auction Department, Bradleys Estate Agents have a Mortgage Department and Independent Surveyors Division if you require their services.

The Golden Rules

Never bid for a property unless you have;

- 1) Viewed it
- 2) Surveyed it (if appropriate)
- 3) Ensured that your solicitors examine the legal documents
- 4) Full mortgage offer on the property (if funding is required)

Although buying a property at auction can be a nerve-racking experience, it is a very easy and quick method of purchase. Fall of the hammer at the auction denotes exchange of contracts, which is legally binding. There cannot be any gazumping, breakdown in chains, delays, last minute renegotiation of the sale price or just plain human nature with you vendor changing their minds.

This leaflet is designed to be a guide to the "do's and don'ts" of buying at auction but you must remember that the property is an expensive investment and an auction contract is a legally binding document. Always seek professional/legal advice before bidding.

THE BUILD-UP

The auction particulars tend to be distributed approximately 4 weeks before the auction. The particulars will contain a photograph and brief description of the property to be offered for sale and details on how to view it.

Most of the properties for sale by auction will have set viewing times once or twice a week to enable you to view.

Once you have viewed the property, assuming you wish to proceed, you must then start the process to be in a position to bid at the auction.

If you are taking finance, you must arrange for your bank/building society financiers to survey and value the property to confirm their willingness to lend. If you wish to carry out work to the property, it is advisable to obtain your quotes at this stage, so you can calculate your expenditure.

Approximately 2 weeks before the auction a legal pack will be available from the vendor's solicitors, details of which should be in the sales particulars, and this legal pack is designed to provide your solicitors with relevant legal documentation in order for you to purchase the property through a public auction.

Once your mortgage offer is received and your solicitors have cleared the legal documentation you are in a position to bid.

THE AUCTION

If you have not attended an auction before be sure to arrive at the venue early to listen to the announcements regarding the conduct of the sale and any changes or alterations to the standard conditions, which may affect the purchase of the property. You will also need to register as a buyer and you will need to bring certain documents to prove your identity. Please read the auction brochure for more details. At the beginning the Auctioneer will announce the lot with a brief description of the property. He will invite bids from the auditorium which may start below or at the guide price and indicate what further denominations he, may be willing to accept as the bidding proceeds.

Make sure to bid clearly; the Auctioneer will acknowledge your bid. Be aware of your limit, as it is possible to get caught up in a frenzy of bidding and pay more than you can afford.

At the fall of the hammer a legally binding contract is made between all parties, "exchange of contracts" and if you are the successful purchaser you will be invited to the rostrum to complete the necessary contract documentation and pay the vendors solicitor a deposit equivalent to 10% of the purchase price, subject to the minimum deposit that may be stipulated in the conditions of sale.

AFTER THE SALE

The Auctioneer will forward the contract documentation to your solicitors for completion of the transaction normally 28 days after the auction date.

CONDUCT OF THE AUCTION

Law and president strictly control the sale of a property at auction and as such you must be aware of the following;

- 1) Properties sold by auction are sold subject to the terms laid out in the General Conditions of Sale normally contained within the legal pack provided by the vendor's solicitors. Special Conditions of Sale are supplied with the legal documents and any addendum notes that may be applicable to the property.
The fall of the hammer constitutes a legally binding contract at which point the vendor is bound to sell at the price agreed and the purchasers to purchase at the price agreed and to meet completion as laid out in the contract.
- 2) You cannot alter any terms of the contract after exchange and penalties for failure to complete are severe.
- 3) All properties are sold subject to a reserve price below which the auctioneer will not be authorised to sell under the hammer. This reserve price is confidential to the auctioneer and the vendor prior, to and during the sale. The reserve price may be above or below the guide price.
- 4) It is always advisable to contact the auctioneers the day before the auction to ascertain that it is still available on the day.

MAKING AN OFFER ON A LOT PRIOR TO AUCTION

If notified in the particulars that the property may be sold prior to auction this is not necessarily a guarantee that the auctioneer on behalf of his client would accept any offer made prior to an auction.

However any offer prior to an auction by a purchaser will be put before the client for consideration but as a general rule of thumb the offer has to be generous enough in order to tempt a vendor not to take the property to an auction. If an offer is accepted prior to auction then the purchaser will be obliged to exchange contracts on that property within 48 to 72 hours of the offer being accepted. However if the offer is made within 10 days of the auction it is highly unlikely that the offer will be acceptable as it will be deemed too close to the auction to allow time for an exchange of contracts to take place.

UNSOLD LOTS

On rare occasions there will inevitably be property offered at auction that will not reach the reserve price. In these circumstances the auctioneer can conclude a sale or enter into a negotiation with both parties to try and agree a mutually acceptable price after the auction.

CONCLUSION

The auction method of purchase is becoming more and more popular with all sectors of the property world due to its speed and ease. If you require any further information regarding purchasing or selling at auction then please do not hesitate to contact Bradleys Auction Department, details given below.

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