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Buying a Property at Auction

If you are considering buying at Auction, it is now more important than ever to speak with ***theloanhöund***.

A contract signed under Auction conditions will not include a Finance Clause Condition (i.e. purchased subject to finance approval) to protect you in the event that finance cannot be obtained. This means you need to be confident you will have finance approved so that you can settle of the property should you be successful at auction.

What is a Real Estate Auction?

At Auction the property is sold to the highest bidder above the reserve price. The reserve price is the minimum price the Vendor is willing to accept for the property. Usually the reserve price is set on the day of Auction by the Vendor. Once bidding has reached the reserve price the property is “on the market” and will be sold to the highest bidder above the reserve price. It is important to register your interest as a bidder if you intend on bidding prior to the commencement of the Auction and you will need to provide the auctioneer with suitable identification.

What happens if the property doesn't sell at auction?

If the reserve price is not reached auction, the property will be passed on to the highest bidder. This means the highest bidder then has the first right to purchase the property immediately after the Auction at the reserve price or as negotiated with the Vendor. If the property still does not sell, then it will offered for sale to all other interested parties.

Finance Needs

It is very important you have a quality pre-approval in place before you bid at Auction. A contract signed under Auction conditions is unconditional. This means you need to

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ensure you will have the funds available to settle on the property if you are successful at Auction. If you are unable to secure finance to purchase the property you may risk losing part or all of the deposit that you have already paid.

Other Things to Consider

- Arrange an independent Valuation prior to Auction day if you require one
- Arrange a Building and Termite Inspection on the property before Auction day because if you are the successful bidder it may be too late to get inspection done as you are bound to purchase the property regardless of it's condition
- Ensure you have sufficient deposit available for the day of Auction. This is normally 10% of the purchase price of the property. If you do not have the funds readily available, you will need to arrange either a Deposit Bond or Bank Guarantee. We can help you ensure your deposit needs are met for Auction day
- Settlement date is normally 30 days from signing the contract unless negotiated otherwise with the Vendor prior to Auction day
- Visit the website for the Real Estate Institute of Australia at www.reiaustralia.com.au so you have a full understanding of the Auction process and buying under Auction conditions

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