

Bidder's Guide to Auction

RayWhite.

Be prepared | Do your research

You need to prepare before buying at auction. It is a good idea to go to a few auctions first to see how they work. The real estate agent can give you a copy of the terms and conditions before the auction date and these will also be available on the day. Remember when buying at auction there is no cooling-off period. You need to view the property and do all the necessary checks before bidding. Getting an independent professional valuation is also a good idea. If you are the successful bidder at the auction, you will have to settle the contract even if the house is defective or you can't afford it. The terms of a residential auction sale usually require the buyer to bid on an unconditional basis. This means you cannot have any special conditions such as subject to finance or subject to the completion of another sale.

Before the auction | Checklist

Before the auction, make sure you:

- ❑ inspect the property
- ❑ do all the necessary checks such as a title search and building and pest inspections
- ❑ arrange your finance, keeping in mind the repayments you can afford now and if interest rates go up
- ❑ get an independent professional valuation of the property
- ❑ do your own research of the market
- ❑ set a budget and stick to it
- ❑ ask the agent how much is needed for the deposit and how you need to pay it on the day (a personal cheque, bank cheque or deposit bond is usually accepted)
- ❑ get a copy of the contract and consider legal advice on the terms and conditions of the auction to ensure you understand that to which you will be bound if you are the successful bidder.
- ❑ Have your documentation ready. This includes your identification. If you are bidding on behalf of a company, you will need to show documentation that supports your relationship to the company and your authority to bid on behalf of the company. Similarly, if you are bidding on behalf of another person, you will need a signed authority to do so.

Game Day | Get ready

On the day get a copy of the terms and conditions of the auction before the auction begins. These should be read out to prospective bidders before the auction starts. Check with the auctioneer to make sure there are no changes to any contract you may have already been given.

You can also ask questions about the property before the bidding starts. If you want to bid, register with the auctioneer or a Ray White staff member prior to the start of the auction. The auctioneer will give you a unique identifier such as a numbered paddle. Only registered bidders can bid on the day.

Set a budget before the auction and stick to it. If you are the successful bidder, you must sign a contract immediately. There are serious legal ramifications if you cannot settle the sale on time. You may be forced to pay the amount of your successful bid, regardless of whether you had a loan approved or access to the money, or you may be asked to pay for the cost of re-auctioning the property and any shortfall between your offer and any offer received at the next auction.

During the Auction | And we are away...

How to bid

When bidding, do so with confidence. Don't be afraid to go first. Your competitors will gauge your strength. If within your budget, try larger bids. Small bids often help your competitors.

Vendor bid | The Facts

In New South Wales, an auctioneer can make one bid on behalf of the vendor (seller). This is called a vendor bid. Only the auctioneer can make this bid and they will clearly state this bid is a vendor bid.

It is illegal for any party, including the auctioneer, to engage in dummy bidding or false bidding.

What if the property is passed in?

Not every property will sell during the auction. If the bids received don't reach the vendor's reserve price, the property may be passed in and negotiations will continue post auction. If you are the highest bidder when

