



Your guide
to **buying**
at auction

Harcourts Auctions



Contents

02 Meet your auctioneer

03 Benefits of buying at auction

04 Preparing for auction

05 Auction day

06 After the auction

07 Frequently asked questions

09 Glossary of terms

11 Conditions of sale by public auction

12 Bidder registration

13 Variation to auction terms

14 Letter of authority - Bidding on behalf of another party



CHRISTIAN HAMILTON

Chief Auctioneer - Harcourts Queensland

Beginning his career in real estate at 19, Christian's passion for property began early. Throughout his years with the Harcourts Solutions team Christian developed a love for the auction process, jumping at the opportunity to list and sell property via auction whenever he could.

This love for the auction process is what helped him make the decision to pursue the role of Chief Auctioneer of Harcourts Queensland.

Driven by the desire for excellence paired with his exceptional negotiation skills, Christian consistently achieves outstanding results for property owners. Ensuring that he is there by the sales agent's side throughout the entire auction process is Christian's number one priority.

As an integral part of the Harcourts Queensland team Christian also works with some of Harcourts Queensland leading businesses.

P 0491 158 427

E christian.hamilton@harcourts.net

Harcourts Auctions



Benefits to buying at auction

There are many clear benefits to buying at auction:

- You know exactly who your competition is on the day.
- All buyers are given fair opportunity to buy.
- Negotiations are open for all to see, offering complete transparency.
- You know you are dealing with sellers who want to sell on the day.
- At the fall of the hammer, the auction is final and, if your bid is successful, the property is yours with no further negotiations, and the contract of sale is signed then and there.

Auction also increases your chances to encounter less competition for the property. If a buyer is in a position to purchase at auction, they may actually find that they have less competition than if they seek to purchase a priced property. This is because some buyers are not in a position to buy under the unconditional terms of an auction.

If a property passes in at auction, often, multiple buyers will make offers to buy, but will elect to include a range of special conditions attached to their offer (finance, building and pest inspection clauses etc.). This places buyers into competition with each other, post-auction. This is referred to as a 'multiple offer' situation.

Auction-ready buyers often have the opportunity to secure a purchase at a desirable price, at auction, simply because an unconditional contract is the preference of the seller - choosing to take the highest offer under auction terms and conditions, rather than to consider conditional offers after auction.

Preparing for auction

Once you have identified an auction property that you're interested in, it's important to have your finances organised before auction day.

This is also a good time to get all of your other affairs sorted, such as finalising the sale of your existing property, organising a property report and familiarising yourself with all the auction documents. Your solicitor can also inspect the title of the property and investigate all legal matters relating to your prospective purchase.

This time is also when your Harcourts sales consultant will help you gain a better insight into the local market – a very important consideration when trying to assess the market value of the property.

You could also consider obtaining an independent property valuation as a further guide. If you've never attended an auction before it's a good idea to have a look at a few before attending the auction of the property you intend to purchase. This will help you to become more familiar with the auction process.

It's also good to note that sometimes, after all of this, the property may not go to auction on the auction date. Often, property is purchased by 'prior agreement'. In this instance, you can submit an offer to the seller for their consideration – a key step of identifying your interest in the property.

Let the Harcourts sales consultant know if you are interested in a particular property. Then, if another buyer submits an offer prior to the auction, you'll be contacted and given the opportunity to submit your own offer.

Inspect the property as many times as necessary and, if you have any doubts, arrange for a builder, plumber, electrician or any other tradesperson to accompany you.

Also, check the auction documents. Make sure you're familiar with, and understand, all the details and conditions of sale (the deposit, possession date, settlement date, balance of payment, list of included chattels, the title, registered interests on the title, etc.). You don't want any unexpected surprises come auction day.

If you intend on bidding on an auction property, it is recommended to register to bid well in advance, with your Harcourts sales consultant. Pre-registering will save you time on the day, but will also ensure that your requested variations (if any) are presented to the seller with plenty of time for consideration.

Auction day

1. Don't strategise too much.

We conduct hundreds of property auctions every year and each one is different. Try not to get caught up in worrying about what may happen or how the bidding could unfold and, instead, focus on your intention to purchase the property. Be the first person to bid and ensure that you are always in front. Our experience suggests that approximately 70% of people who open the bidding, buy the property.

2. Bid with confidence.

Many buyers sit back and wait, trying to get a feel for what is about to unfold. More often than not, it is the bidder that bids with confidence and without hesitation that walks away with the keys to their new home.

If someone else bids, respond straight with another bid. You have nothing to lose and everything to gain. Show your competition that you want the property at any cost. Set the pace - don't chase the pace.

3. Set yourself a base limit.

If you are going to set yourself a limit, make sure you allow for some flexibility. All too often, bidders miss out on their dream home for a few thousand dollars, not knowing that their bidding competition may also be at their limit on their last bid.

4. Don't forget your identification.

Ensure you bring along your passport or driver's licence to prove your identity to the Harcourts marketing agent, when completing the contract of sale.

5. What happens if the property is passed in?

Most auctions have conditional buyers (buyers that can't bid under auction terms and conditions) waiting and hoping that the property passes in. If this occurs, all parties will then have an equal opportunity to submit their conditional offer. If you can bid under auction terms and conditions, it is advisable to do so, as it is the most transparent way to buy property and offers many great benefits.

6. What is a vendor bid?

The auctioneer, on behalf of the seller, is allowed to make 1 or more bids up to, but not including the reserve price. A 'vendor bid' (or 'seller's bid') must be disclosed by the auctioneer. A vendor bid is not the reserve price and does not indicate a price at which the vendor will accept. A vendor bid is used in many different circumstances to either: start the bidding, raise the current bid to a level closer to what the vendors will accept or to position the property with a price at which the vendor will not accept a lower offer than.

7. Why might the auctioneer ask you to increase your current bid?

This is quite a common occurrence, especially if there is only a small group of bidders. If the auctioneer or agent asks you to increase your current bid, this is because your current bid is not at a price which the vendor will accept; therefore, you may need to increase your own bid if you wish to purchase the property.



After the auction

If you are the successful bidder, you will be required to sign the contract of sale immediately and pay a deposit (usually on the spot or within the next business day).

If the property is 'passed in', it will then be made available to all buyers and conditional offers will be considered. If you wish to make a conditional offer, it is advised that you act quickly, as there are usually other buyers intending to do the same. The ideal time to submit a conditional offer is immediately after the auction has concluded.

Remember, if the property is 'passed in', the property is then placed on the open market and the highest bidder does not have the first right of refusal to purchase.

If you are unsure about anything, please ask your Harcourts sales consultant or auctioneer as they will always be more than happy to help.

Frequently asked questions

Can I buy before auction day?

Absolutely! In fact sometimes up to 50% of auction properties are sold prior to auction day. However, the acceptance of offers prior to auction day is a decision made entirely by the seller. If you wish to submit an offer prior to auction, ensure that you have undertaken all research and due diligence, as your best chance to have your offer accepted will be under auction terms and conditions.

What if my offer is not accepted prior to auction? Have I wasted my time?

Definitely not. The auction process is just that - a process. The process involves many facets including, and most importantly, expectations. The auction process is about educating the price expectations of both the sellers and also buyers, according to the current market. If your offer is not accepted prior to auction, it may be that the seller has a price expectation above where the property sits on the market, which may become evident on auction day.

Perhaps it may be that your offer displays an underestimate of the value of the property. Regardless, after the seller and all buyers have had the opportunity to see the full marketing campaign over 3-4 weeks, and also see the property's interest on auction day, both parties will often re-evaluate their expectations.

What if I want to bid on auction day, but cannot do so under standard auction terms and conditions... Can I request a longer settlement or smaller deposit?

Property transactions are a process of negotiation and buying at auction is no different. If you wish to alter the terms of settlement, deposit, inclusions or conditions of the contract of sale, speak to the Harcourts agent that is marketing the particular property of interest. However; do not wait until auction day to do this, as this may be too late. These conditions must be agreed upon by the seller prior to the commencement of the auction.

Although you are at liberty to request variations, they may not always be accepted by the seller, especially if there is strong interest in the property. If your request to alter the terms and conditions of sale is not accepted prior to auction, do not be deterred. If the property is not sold at auction, the vendor is often more receptive to conditional offers immediately following the auction.

What if no one comes to the auction?

In this instance, the auctioneer will pass the property in and inform any attendees of the next steps to take if they are interested in purchasing the property. In reality, this isn't something that happens very often. With a robust and well thought-out marketing campaign, any home can attract potential buyers.

What if nobody bids?

It's understandable that buyers might be nervous under the excitement and pressure of an auction. This is why it's not uncommon for an auctioneer to be met with silence when asking for an opening bid. Some buyers will have a strategy and may wait to see what others at the auction might bid first. So, to get the auction rolling, your Harcourts auctioneer may choose to nominate a starting bid - this is referred to as a 'vendor bid'. A vendor bid will only be used in order to create momentum during the auction, but it cannot be placed at any amount higher than the seller's 'reserve price'.

What if the reserve price is not reached?

In this event, the Harcourts auctioneer will pause the auction at the highest bid and seek instructions from the seller. The auctioneer may then speak to the highest bidder and ask if they are prepared to increase their offer. If the bidder is not prepared to increase their position, the auctioneer may then ask if the seller is prepared to adjust their reserve price in order to secure a sale at the highest bid. This is why it is especially important for a seller to have a price in mind that they are prepared to sell at. If neither party is prepared to adjust their expectations in this case, and if there are no further bids from any other party, then a sale cannot occur. The auction will then be concluded and 'passed in'. Negotiations with all potential buyers can then commence in a standard, non-auction format where the seller may choose to welcome conditional offers on the property.

What happens when the property sells?

After the auctioneer announces the property as 'sold', it is then time to focus on the buyer. The Harcourts sales consultant and auctioneer will then take the buyer aside and begin to process the contract of sale straight away. The seller will then be required to sign the contract of sale and the agreement is binding.

Glossary of terms

It is important to understand the terms used when dealing with the transaction of real estate. If a particular term is mentioned during an auction and you are unsure of its meaning, please ask the auctioneer or your marketing agent for further information.

Agency

An agency is the relationship, which exists at law, between two or more persons whereby one (the agent) is authorised to act on behalf of the other (the principal) to carry out specified acts. A common form of agency occurs in the sale, purchase and leasing of real estate.

As-Is

Selling a property without warranties as to the condition and/or the fitness of the property, for a particular use. Buyers are solely responsible for examining and judging the property for their own protection. Otherwise known as “As Is, Where Is” and “In its Present Condition.”

Auction

A preferred marketing option where a property is marketed to the public without a price. Supported by intensive marketing leading buyers to the auction day, where they must bid against each other to successfully purchase a property in an unconditional situation. A public sale of property in which prospective purchasers bid against each other until the highest price is reached.

Auctioneer

An individual holding an auctioneer’s licence and able to conduct auctions for goods or property.

Bid

A verbal offer to purchase.

Building Inspector

An authorised person who is responsible for checking buildings in the course of construction and completed buildings, to ensure that they have been constructed in accordance with building control provisions.

Caveat Emptor

Meaning ‘buyer beware’. The risk in a property transaction lies with the purchaser.

CMA

Current or Competitive Market Analysis (CMA), is a written price comparison of a property, with others that are for sale or were recently sold.

Chattels

Items of property that can be physically removed from your house or business because they are not attached to it in some way. Examples may include fridges, curtains, carpets, easily removable light fittings and wall heaters and sometimes furniture. If chattels are to be included in the sale, the seller should specifically state this in the Sale and Purchase Agreement.

Conditional Contract

Any contract that includes conditions that must be satisfied before the parties become bound to carry out the terms of the contract. The contract is called “conditional” until the conditions listed are satisfied. Both the buyer and the seller can request conditions in the offer. Buyers often ask for conditions regarding checking the Certificate of Title, and obtaining finance or a building consultant’s report. A conditional contract is still legally binding, but the obligations under it are suspended until it becomes unconditional.

Commission

The fee for selling the property. Payable by the seller, to the Real Estate Company.

Contract

A contract is a legally enforceable agreement. Used in Real estate as another term for the Sale and Purchase Agreement.

Cooling Off Period

A short statutory period after the contract is made, during which the purchaser may cancel the contract unconditionally. Does not apply in the case of Auctions.

Deposit

Percentage of sale price, or an agreed amount, paid upon exchange of contract for purchase of the property.

Excluded Fixtures

Items that are presumed to stay with the property when sold, but have been specified on the contract as not remaining.

Fixtures or Fittings

Items of property that are attached to the house or business because they are permanently attached in some way (by nails or wires for instance). Examples are the stove or oven, built in furniture, light fittings, fitted carpets and TV aerials.

Freehold

A freehold property has a clear title of ownership and is not subject to lease.

Included Chattels

Moveable items that are included with the sale of the property, such as pool equipment, fridge, freestanding glasshouse, shed or playhouse, dishwasher, etc. These are noted in the contract if they are included in the sale.

Leasehold

Sometimes land is subject to a lease. The owner of the land leases to the tenant for a fixed rental sum for a fixed period of time.

Listing Authority

A contract between the owner and the real estate company marketing the property, detailing property information, the length of the agency, commission rate and any additional costs.

Marketing Fees

Costs associated with directly increasing advertising spread, paid by the seller.

Marketing Program

A promotional package put together to give a property exposure to the market. It may include advertisements to be used, a calendar of dates for advertisements, open homes, buyer contact and service.

No Price Marketing

Usually called 'Auction', 'Tender' or 'For Sale by Negotiation'. The price is not revealed to buyers during the marketing promotion. MWP - Marketed Without a Price.

On the Market

During a real estate auction when the bidding has reached the vendor's reserve price, the property may be announced as 'On The Market' and will be sold at the auction.

Passed-In

If a property is not sold at auction because the owner's reserve price has not been reached, it is passed in.

Reserve Price

The reserve price is the minimum price the seller will accept for their property at the auction. This is kept confidential between the seller, listing agent and auctioneer.

Trust Account

A legislatively required bank account where monies are held by an agent for or on behalf of another person e.g. deposits, rent etc.

Valuation Report

A document that records the instructions for the assignment, the purpose and basis of the valuation, and the results of the analysis that led to the opinion of value of property. A Valuation Report may also explain the analytical processes undertaken in carrying out the valuation, and present meaningful information used in the analysis. Valuation Reports can be either oral or written. The type, content and length of a report vary may according to the intended user, legal requirements, the property type, and the nature and complexity of the assignment. The terms, Valuation Certificate and Valuation Report, are sometimes used interchangeably.

Vendor Bid

A type of bid at an auction which is made by the auctioneer on behalf of the vendor and clearly disclosed as either a Seller or Vendor bid.

Conditions of Sale

Public Auction

GST Announcement & Clarification

At auction the Auctioneer will announce in clear terms:

1. If GST is to apply or not; **AND**
2. One of the following applicable GST Clauses:

If the seller is not registered for GST:

The property is offered for sale on a GST inclusive basis – which means the knock down price is the sale price.

If the seller is registered for GST:

The property is offered for sale on the GST exclusive basis – which means the knock down price attracts GST at 10% of the selling price;

OR,

The property is offered for sale under the Margin Scheme – which means that the knock down bid is the sale price and GST payable by the seller is 1/11 of the margin.

-
1. The highest approved Bidder will be the Buyer subject to:
 - A. The reserve price, if any; and
 - B. The Seller's approval.
 2. A cooling off period does not apply
 3. Building, Pest Inspection and Pool Safety clauses have been deleted from the Contract of Sale.
 4. Finance clause has been deleted from the Contract of Sale.
 5. All Bidders must be registered. The Auctioneer may register a person as a Bidder only if the person has provided his/her name and address and satisfactory evidence of his/her identity.
 6. Bids will only be accepted from registered Bidders.
 7. Bidders must use the numbered identifier provided by the Auctioneer to make a bid during the auction.
 8. The Seller may bid, either personally or by a representative. If the Seller or their representative bids for the property the Auctioneer must announce to all other Bidders that the bid was made on behalf of the Seller.
 9. The Bidder warrants their ability to enter and complete the Contract of Sale in accordance with its terms.
 10. Any person bidding on behalf of another person or company must provide the Auctioneer with a copy of their written authority before the auction; otherwise the Bidder will be taken to be acting on their own behalf.
 11. The Auctioneer has the discretion to refuse to accept any bid from any person. A Bid will be taken to be accepted and irrevocable unless the Auctioneer, immediately after it is made, refuses it.
 12. The decision of the Auctioneer is final in all matters relating to the Auction and no Bidder has any right of recourse against the Auctioneer or the Seller.
 13. Without affecting condition 12, if there is any dispute over a bid, the Auctioneer may:
 - A. Reopen the bidding and resubmit the property for sale starting with the highest bid previously accepted; or
 - B. Determine the dispute in any other way the Auctioneer considers appropriate in his/her absolute discretion.
 14. Immediately on the fall of the hammer, the Bidder of the highest bid accepted must sign, as Buyer, the Contract of Sale in the form displayed or circulated with these Conditions of Sale and pay the deposit to the nominated Deposit Holder.
 15. The deposit payable, under the Contract of Sale, is 10% of the successful bid or any other percentage or figure nominated in the Contract Sale.
 16. The Seller and the Buyer agree to sign all documentation and carry out all requirements to transfer the property to the Buyer. The Seller and the Buyer each appoint the Auctioneer their agent to sign the Contract of Sale on their behalf. This appointment is non-revocable.
 17. If the Buyer does not pay the deposit, at the Seller's option:
 - A. The result of the auction will be treated as invalid and the property may be resubmitted to public auction at the risk of expense to the Buyer; OR
 - B. The Seller may affirm the Contract of Sale and pursue their legal and other remedies against the Buyer as they see fit.
 18. Insert Special Conditions (if any):
-

Buyer's signature

Seller's signature

Buyer's signature

Seller's signature

Date

Date

Bidder Registration

The Property Occupations Act 2014 requires the auctioneer to only accept bids from registered bidders. To be registered, a bidder must provide the bidder's name and current address and also produce evidence of the bidder's identity.

If you have an interest in bidding at the auction for a property or properties, please complete your name and address below and provide the Auctioneer with satisfactory identification.

Remember: You must be registered in order to place a bid; however, you are not required to bid once you are registered

Bidder(s) Name(s):

Bidder's Address:

Phone Number(s):

Identification:

(e.g. driver's license number and state of issue OR passport number and country of issue)

I/We are aware of the terms and conditions of sale by public auction and acknowledge that I/we agree to execute the contract of sale, in its entirety, if I am/we are the successful bidder(s).

Signature:

Date:

The auctioneer will not disclose the identity of any bidder to anyone other than:

1. An inspector of the court; and
2. The seller, if it is necessary for negotiations with the bidder after the property has been passed-in, for facilitating the sale of the property.

Please hand the completed form to a Harcourts agent prior to the commencement of the auction

OFFICE USE ONLY

Variation to Auction Terms required?

NO / YES

Issued with bidder number:

(If required, please attach completed and signed variations form)

Variation to Auction Terms

Property Address:

Auction Date:

The Seller agrees that should the below named Buyer be the highest bidder for the property **AND** subject to the Seller's acceptance of such offer, then the contract conditions, as read by the Auctioneer, shall be varied as follows:

The Settlement Date shall be:

The Deposit Amount shall be:

The Deposit shall be paid before 4:00pm on:

Details of Buyer(s)

Name(s):

Address:

Phone Number(s):

Signed by the Buyer(s):

.....
(name) (signature) (date)

.....
(name) (signature) (date)

Approved by the Seller(s):

.....
(name) (signature) (date)

.....
(name) (signature) (date)

Letter of Authority

Bidding for and on behalf of another party at auction

Property Address:

Auction Date:

This letter serves to confirm that the person named below is authorised to bid on my/our behalf at the auction of the above-mentioned property. You are hereby authorised to take offers from the person named below. Should our representative be successful, I/we authorise the auctioneer conducting the auction to complete the Contract of Sale with my/our details, as set out below and sign the Contract of Sale on my/our behalf.

I/we acknowledge that I/we understand the conditions of sale by public auction and that a deposit of _____% of the purchase price if payable on fall of the hammer, with settlement of the property to take place in _____ days.

Details of Authorised Representative

Name:

Address:

Phone Number(s):

Identification:

(e.g. driver's license number and state of issue OR passport number and country of issue)

Signed by the Representative:

(signature)

(date)

Details of Buyer(s)

Name(s):

Address:

Phone Number(s):

Identification:

(e.g. driver's license number and state of issue OR passport number and country of issue)

I/we acknowledge having received a copy of the Contract of Sale and Standard Conditions of Sale by Public Auction

Signed by the Buyer(s):

(signature)

(date)

(signature)

(date)

Approved by the Seller(s):

(signature)

(date)

(signature)

(date)

Harcourts Auctions

For additional Information relating to Real Estate and Auctions,
please contact the following references for information and guidance:

Real Estate Institute of Queensland

www.reiq.com

Real Estate Institute of Australia

www.reia.com.au

Harcourts Auctions

www.harcourtsauctions.com

This document is in no way whatsoever intended to constitute professional advice. Instead it is intended to act as only basic information to inform and illustrate. No reader should act on the basis of any matter contained in this publication without considering and if necessary taking appropriate professional advice with regards to their own circumstances. Harcourts Auctions Pty Ltd do not represent, warrant, undertake or guarantee that the information contained in this document is correct, accurate, complete or non-misleading or that the use of this document will lead to any particular outcome or result. Harcourts Auctions Pty Ltd expressly disclaims and all liability to the reader in respect of anything and the consequences of anything done or omitted to be done by any such person in reliance whether whole or in partial upon the whole or any part of the contents of this document. Harcourts Auctions Pty Ltd shall in no event be liable for any special, indirect or consequential damages or any damages whatsoever arising out of the use or performance of the information contained within this document whether in an action for contract, negligence or any other tortious action. Information contained in this document may include technical inaccuracies or typographical errors.

The material provided in this document may not be copied or reproduced without the prior consent of Harcourts Auctions Pty Ltd.