

## A Guide to Buying at Auction

Auction has become the preferred method of buying and selling property. We want to make it as easy and straightforward as possible. Here are some simple steps to follow.

### Register Your Interest

If you are interested in the property, be sure to let the salesperson who introduced you to the home know of your interest early in the process. This ensures that if another buyer makes an offer before the auction (that the owner will accept) then you will be notified.

Your salesperson will also ask you to acknowledge that you have received a copy of the New Zealand Residential Property Sale & Purchase Guide and other required disclosures or ask you to acknowledge that, if you are an out of town buyer, you have referred to these on the website [reaa.govt.nz](http://reaa.govt.nz) This is a requirement under the Real Estate Agents Act 2008 and can't be contracted out of by either party.

### Property Information

When you purchase at auction the sale is unconditional and legally binding. Therefore, before the auction you will need to be satisfied with all property information, e.g., title, LIM, EQC Reports and the Particulars and Conditions.

It is recommended to consult your solicitor before the auction with these documents or with any other questions that you may have before the auction day. If you feel the need, ask your solicitor to contact the auctioneer to discuss any aspects of the process that you need clarified.

### Finance

Before the auction date you will need to have your finance approved. On the day of the auction you will be required to pay a 10% deposit immediately unless other arrangements have been made with the salesperson and the vendor prior to the commencement of the auction.

### Insurance

Check the Particulars and Conditions as to where the liability for insurance lies once the property has been sold. In most instances, the liability to hold the insurance policy will lie with the seller, but in some instances, especially Mortgagee Sales, the liability to hold the policy will lie with the buyer.

### Terms and Conditions

If the terms and conditions don't suit you, it is often possible to change some of these e.g., the possession date and chattels. This needs to be done in writing before the auction with your salesperson. They will then obtain the owners agreement. (This is called a Side Agreement or may also be referred to as a variation to the Particulars and Conditions). Any variation will be for you only and will form part of the final sales agreement.

**Lindsay Dodd AREINZ Freelance Auctioneer and Property Advisor**

**Phone: 027 4383997 Email: [lindsay@lindsaydodd.co.nz](mailto:lindsay@lindsaydodd.co.nz)**

**[www.lindsaydodd.co.nz](http://www.lindsaydodd.co.nz)**

## **Pre-auction**

As a buyer it is a good idea to have a pre-auction meeting with the salesperson who introduced you to the property to discuss the auction, method of bidding, strategies in bidding and any variations that you may require. If you are unfamiliar with bidding or would prefer not to bid yourself, discuss the various options with your salesperson. Or if you are still nervous about bidding, contact us as we can represent you at the auction and assist you to purchase the property.

## **Post Auction**

If the auctioneer passes the property in and you have strong interest in the home, it is best if you are the highest bidder as you then have the first right to be offered the home at the seller's reserve price.

Often these negotiations are concluded relatively quickly so therefore if you are not the highest bidder, you may well miss out on the opportunity to buy the home.

If you are not the highest bidder, ensure the salesperson you are dealing with is informed that you have continued interest, even if this is conditional on something else, like finance. The vendor will want to know of all parties that are interested so they can make an informed decision.

If you are unable to meet the terms of the auction or are unwilling to bid under the hammer, it is a good idea to attend the auction as if the property is not sold the marketing team may ask anyone in attendance who has interest to step forward and submit their offers and start negotiating with the seller. If you are not there, you may well miss out.

Buying (and selling) at an auction does produce some minor stress but remember that we are all here to help.