



Your Guide to Buying at Auction

Lynham & Co.
REAL ESTATE

Bidding Guide

How to register

You can register at any time prior to the fall of the hammer. This can be at an open home, or when visiting Lynham & Co. prior to the auction. Registering to bid early will save you the stress of registering on Auction Day when the day can sometimes get crowded.

If you register prior to auction day, you may not receive your number at that time. When you arrive at the auction, you will need to see The Lynham Team, provide them proof of their identity, and receive your number or bidder card at that time.

In order to register you will need to provide the Lynham Marketing Agent/Team with your name and address and some photo identification. A driver's license or passport is usually preferred. Additionally, the agent may also request further proof of your current address.

The Lynham Team will record these details in a bidder registration book and provide you with a bidder number. This number must be displayed by you to the auctioneer when making a bid during the course of the auction.

The Lynham Team are not permitted to provide your information to any other person other than a Fair Trading inspector or the court. However, the Auctioneer or Marketing Agent may disclose to the seller of the property after the auction.

Remember: You do not have to bid just because you have registered, but you must be registered if you intend to bid.

How to Bid

Make sure that the Auctioneer can see you. Remember to hold your bidder number high and call out your bid in a loud and clear voice.

You can call out an exact number amount. For example: "\$570,000"; or indicate an amount you wish to increase the previous bid by. For example: "Another \$20,000".

If the Auctioneer calls out the incorrect amount or misinterprets your bid, call out immediately to the auctioneer and clarify your bid.

Important points to remember when bidding at an Auction

Make sure you are familiar with the Conditions of Sale prior to bidding at the auction. The Lynham Team/ Auctioneer will have these displayed at the auction for inspection by bidders prior to the auction commencing.

If you propose to bid on behalf of another person, you must have a letter of authority and provide the name and address details of that person to the auctioneer in order to register them as bidders in the bidder register.

When bidding at an auction, remember that if you are the successful bidder you will be required to immediately sign the contract of sale and pay a deposit on the spot.

There is no cooling-off period when you buy at an auction.

The Auctioneer's decision is final. In the event of a dispute arising. The Auctioneer has the right to resubmit the property afresh or with a vendor's bid in the event that the dispute arose before the reserve price was reached.

Prior to the commencement of an auction, the Auctioneer is unable by law to provide advice to potential purchasers on whether a reserve price has been set, or what that reserve price is.

Need more information?

Do not be afraid to ask the Lynham Marketing Agent. They are there to assist you and will be able to answer all your questions concerning the upcoming auction.

Alternatively, contact Fair Trade Queensland who will be able to provide you with more information on the laws that apply to property auctions.

You can contact them on 13 13 04 or check out their website at www.fairtrading.qld.gov.au.

The Auctioneers Tips on Auction Day

Purchasing a property is a big decision and can often be quite daunting. Auctions play a major role in how properties are sold in Australia so it is important to feel comfortable about bidding at auction. If you don't feel confident in bidding, your agent or perhaps a friend or relative can convey these bids for you as long as the relevant paperwork has been completed prior to the auction starting.

Here are some tips that will help you to determine a bidding strategy:

1. Don't strategies too much: Don't get caught up in worrying about what will happen or how the bidding will unfold. Focus on what you are there to do and this is to purchase a property. Be the first person to bid.
2. Bid with confidence: Many buyers sit back and wait. They want to get a feel for what is about to unfold. More often than not, it is the bidder who bids with confidence and without hesitation and walks away with the keys to their new home. If someone bids, come straight in 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 that the limit has flexibility. In a very short time, you will be happy to go that extra little bit.
4. Don't forget identification: It is a requirement by law that you register for all auctions in Queensland. The easiest way to register is with a driver's license. If you don't have an ID then you cannot register, so don't forget. To save time on auction day there is the option to register prior to the day. Contact your Lynham Real Estate Marketing Agent for more Details.
5. What happens when a property is passed in: Should the property pass in, everyone will have equal opportunity to submit their offer. If you bid under auction terms and conditions, give it your best shot at the auction as it is the most transparent way to buy and in most cases, less competition.
6. What is a vendor bid: In Queensland the auctioneer is allowed to make 1 or more bids up to but not including the reserve price on behalf of the vendor. A vendor bid must be disclosed by the auctioneer. It is not the reserve price and does not indicate a price at which the vendor will accept. A vendor or seller bid is used in different circumstances to either start the bidding, increase the bid to a level closer to what the vendors will accept or position a property at which the vendor will take bids at nothing less than.
7. Why might an agent or auctioneer ask you to increase your own bid: This is a common occurrence in today's market so don't feel uncomfortable about it. At some point in the auction, the estate agent or auctioneer may come up to you and ask you to increase your own bid. This may occur as your current bid may not be an available price at which the vendor will accept. Therefore you may need to increase your own bid if you wish to purchase the property.

Benefits of Buying at Auction

1. May encounter less competition for the property.

If a buyer is in a position to purchase at auction, they may actually find 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 cash-unconditional terms of an auction.

If a property “passes on” at an auction (does not sell), often several buyers come forward afterwards seeking to buy with a range of special conditions attached to their offer (finance approved, building and pest inspections) etc. This then places buyers in competition with each other post-auction.

Some buyers have secured excellent value at auction simply because a cash-unconditional contract was a high priority for the seller who chose to take the highest offer under auction conditions rather than consider conditional offers afterwards.

2. Competition at an auction is transparent.

With an auction, offers and negotiations are public – out in the open. With a private treaty sale (sale by price), if two or more buyers want the same property at the same time, it is standard practice that one buyer will not be aware of the offer being made by another buyer. This means all competing buyers are “shooting in the dark”.

The agent will advise the buyer there is another offer or offers, ask them to submit their best offer, and then have the buyer sign a ‘Multiple Offer Form’, in which the buyer acknowledges having been made aware he or she is competing against offers. The buyer does not know until receiving a phone call from the agent whether their offer was successful.

At auction, all offers are made publically (in the form of bids) and a buyer can choose to increase their offer only as much as they want to above the last highest offer. The buyer is free to withdraw from the bidding at any time they feel the price has gone beyond the figure they are prepared to pay.

Concluding Points to Remember

- There is no cooling-off period when buying at an Auction.
- Ensure you have your finances arranged prior to the Auction. Know your limits.
- Always speak to the Lynham Marketing Agent about the deposit required at least a week before the Auction.
- Consider getting a Pest and Building inspection prior to the Auction as an Auction Contract does not allow a sale to be subject to a Pest and Building inspection.
- Only bid within your means but bid strongly and confidently.
- If the property is passed in, the property is then on the open market and the highest bidder does not have the first right to buy the property.
- You have the best chance to buy the property for the best price at an Auction as the terms and conditions are favourable to the seller, therefore it has been shown they are more likely to accept a sales figure on the basis of the terms.
- If the property is passed in you are able to make an offer with conditions on it; however, you need to act quickly as normal as typically, the ideal time to submit conditional offers is immediately after the Auction has concluded.
- The auctioneer's decision is final in all matters relating to the Auction.
- Make sure you and any other decision-maker are available for the Auction and only rely on the judgement of yourselves. Do not allow other parties who are not purchasing the property to distract or influence your decision.
- If you are not sure about anything, ask your Lynham Marketing Agent or the Auctioneer, as they are there to help.

Glossary of Terms

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 do certain specified acts. A common form of agency occurs in the sale, purchase and leasing of real estate.

“As Is”

Selling the property without warranties as to the condition and/or 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 you can list your property without a price, supported by very intensive marketing leading buyers to the auction day where they must bid against each other to successfully purchase your property in an unconditional situation. / A public sale of property in which prospective purchasers bid until the highest price is reached.

Auctioneer

The person holding an auctioneers license and able to conduct and call auctions.

Bid

A verbal offer to purchase.

Building Inspector

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

Caveat Emptor

‘Buyer beware’, that the risk in a property transaction lies with the purchaser.

CMA

Current or Competitive Market Analysis (CMA), is a written price comparison of your 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 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 put conditions in the offer. Buyers often ask for conditions about checking the Certificate of Title and getting 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 fees 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 to mean 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 total consideration, or an agreed amount, paid on exchange of contract for the purchase of an asset.

Excluded Fixtures

Items that are presumed to stay with the property when sold but have been specifically 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 a lease.

Included Chattels

Moveable items you decide to sell with 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, e.g. # years.

Listing Authority

A contract between the owner and the real estate company marketing the property, detailing the length of the agency, commission rate and any additional costs. The type of marketing method to be used is assigned and a summary of information about the property is detailed on the listing authority.

Marketing Fees

Money paid by a seller that goes directly to increase advertising speed.

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 contracts and services.

No Price Marketing

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

On the Market

During a real estate auction when the bid has reached the vendor's reserve price, the property is announced as 'on the market' and is going to be sold at that auction.

Passed-In

If a property is not sold at an 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, rental, 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 the value. 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, context and length of a report vary in accordance 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 that is made by the auctioneer on behalf of the vendor and clearly disclosed as either a Seller or Vendor bid.