



REAL ESTATE INSTITUTE OF NEW ZEALAND INC.

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Code of Practice

For Sale of Real Estate by Auction

1. General

- 1.1 When conducting the sale of a property by auction, members shall not engage in any conduct which is misleading or deceptive or is likely to mislead or deceive. This principle applies to conduct prior to, at and after the auction.

2. Before the Auction

- 2.1 Members shall not advertise a property as being for sale by auction unless there is intended to be an auction and unless a written auction authority form has been duly executed by or on behalf of the vendor.
- 2.2 Members shall provide a copy of this Code to prospective vendors prior to having them sign the auction authority.
- 2.3 Vendors must sign an acknowledgment of acceptance of the terms of this Code, which shall form part of the auction authority.
- 2.4 Prior to the auction the member shall make available for inspection the terms and conditions under which the sale of the property by auction will be undertaken.
- 2.5 If applicable the member shall specify in such terms and conditions of sale that the vendor reserves the right to bid either personally or through an agent.
- 2.6 The member shall make this Code available for inspection prior to the auction.
- 2.7 Members must make reasonable endeavours to inform all interested parties if a property is to be withdrawn from auction or is to be sold prior to auction.

3. At the Auction

- 3.1 The auctioneer shall conduct the auction at all times with integrity and in compliance with the law of New Zealand and this Code.
- 3.2 The terms and conditions of sale shall be on display and available for inspection, together with this Code, at the auction. Any portion of the terms and conditions of sale relating to the description of the property will be read aloud by the auctioneer at the commencement of the auction of that property.
- 3.3 Before commencement of the bidding for a property the auctioneer shall announce whether the vendor has set a reserve price. The reserve price, if any, shall not be disclosed to bidders.
- 3.4 Before commencement of the bidding for a property the auctioneer shall announce whether the vendor has reserved the right to bid one or more times at any level below the reserve price at the auction and, if so:
- Whether the member has been appointed to bid on behalf of the vendor and, in such case, that all bids made on behalf of the vendor will be made and declared by the auctioneer; or
 - Whether the vendor or some other person will be bidding on behalf of the vendor and shall identify that person in which case any bid made by that person shall be declared by the auctioneer.

Neither the member nor any salesperson engaged by the member shall make or assist any other person to make any bid on behalf of the vendor in contravention of any announcement by the auctioneer pursuant to this

clause. The member, or any salesperson engaged by the member, shall immediately advise the auctioneer of any bid which they believe to be made in contravention of this clause.

- 3.5 Where the vendor does not provide the auctioneer with a written reserve prior to the auction, the auctioneer shall announce that the property is to be sold without reserve and no bid shall be made by or on behalf of the vendor at the auction.
- 3.6 In making a bid on behalf of the vendor at the auction, the auctioneer shall exercise his/her independent judgement.
- 3.7 Where in advance of the auction, any contractor/employee of the member or the auctioneer has been requested to bid for a prospective purchaser, whether that purchaser is present or absent, the auctioneer will announce that fact and identify those contractors/employees who will be so bidding.
- 3.8 The auctioneer shall ensure that the amount of any bid is clearly stated.
- 3.9 The auctioneer may refuse any bid.
- 3.10 The auctioneer shall resolve any disputed bid in accordance with the terms and conditions of sale governing the auction. If such terms and conditions do not specify how disputed bids are to be resolved then the auctioneer shall resolve any disputed bid in accordance with the Particulars and Conditions of Sale by Auction 2nd Edition (or any document approved by the REINZ in substitution thereof).
- 3.11 Under no circumstances will a bid by or on behalf of the vendor be exercised by the auctioneer at or in excess of the vendor's reserve price.
- 3.12 The auctioneer will always clearly announce if the property is about to be sold under the hammer.
- 3.13 Subject to the reserve price being reached, the highest bidder shall be the purchaser.
- 3.14 If the vendor so instructs, the auctioneer will announce during the course of the auction that in the event of the property being passed in the highest bidder will have the first right of purchase of the property at the vendor's reserve price.

4. After the Auction

- 4.1 If a property is passed in at auction, no post-auction advertising for the property shall make any reference to any vendor bid made for the property at the auction.

5. General

- 5.1 Members shall promptly report any alleged breaches of this Code to the Real Estate Institute of New Zealand Inc in writing specifying the particulars of the alleged breach and providing originals or copies of any relevant documents.

Acknowledgement of Vendor

Date