

*fourseasons*  
Homes for all seasons

frequently  
asked  
questions  
about  
attending  
auctions

## DO I HAVE TO BE IN A CASH POSITION TO BID?

YES! To bid at an Auction you need to be bidding in cash - only 10% deposit is required on auction day, and the balance is due on the possession date.

However, you may talk to the Auctioneer about extending the possession date which will give you longer to arrange finance. Also with an Auction you may have a lead-up period of up to four weeks, which may also allow you to get into a cash position.

## HOW DO I DETERMINE THE PRICE?

The Auction process allows you and the market to firstly appreciate the property and then determine the price. We find as marketers that some people literally become experts in a particular price range and they are able to estimate (reasonably accurately) what a property is worth. They do this by gleaning their knowledge of the properties they have looked at in that particular price bracket. If you need help with an idea of price, ask your sales consultant for guidance. Whilst you will not get any actual figures, a sales consultant will refer you to properties of similar price or in a similar bracket that they believe are comparable to the property being Auctioned. You can also get your own independent valuation.

## WHAT ABOUT SELLING MY OWN PROPERTY?

One of the benefits of buying at Auction is that you may have up to three months with prior permission from the Vendors, to organise and get your own property sold.

The fact that you own a property is not necessarily detrimental to your buying at Auction. Ask your sales consultant about whether they have somebody 'in mind' who is waiting for a property such as yours, as then an early sale may eventuate quicker than expected. There are other buyers in the same position as you, and if you get a cash offer on your property, you are in an extremely strong position to purchase the Auction property either before the Auction, or on the Auction day.

If you believe your property is 'saleable' you may also consider talking to the Auctioneer through your sales consultant about extending the possession date on the Auction property, thus giving you extra time to sell your own property.

## HOW DO I GET FINANCE WHEN I AM NOT SURE OF THE PRICE?

Most lending institutions are now conversant with modern Auction techniques. Once you have established what you believe the property is worth, discuss this with your bank, lending institution, or mortgage broker. You will find they will agree to lend you finance up to a certain 'bidding price', so you will then have an indication of how high you are able to bid at an Auction.

Just because you are borrowing money should not prevent you from bidding or buying at an Auction.

## CAN SOMEONE ELSE BID ON MY BEHALF?

Absolutely! Anyone can bid for you on Auction day. If you have a solicitor, valuer, or experienced member of your family bidding on your behalf, they may require written advice as to how high you wish for them to bid. With the permission of the Vendor and with prior notification to the Auctioneer, you may also bid by phone.

## WHAT IS A VENDOR BID?

The conduct of Auctions states that the Vendor has the right to bid himself/herself, or through an Agent, or through the Auctioneer. This bid may be used to start the Auction, or by the Auctioneer during the Auction simply to increase bidding. The Auctioneer must and will disclose all Vendors bids. If someone else will bid on behalf of the Vendor other than the Auctioneer, that person will be identified prior to the Auction. Vendor bids WILL NOT be exercised once the reserve price has been reached.

## WHAT ARE THE NORMAL CONDITIONS I WOULD PURCHASE UNDER?

10% of the purchase price is required to be paid on the Auction day if you are the successful bidder. You will need your cheque book and have the required funds available in your account to cover the deposit once it is banked.

When you bid at an Auction, you are buying Unconditionally and with cash, ie if your bid is successful, you HAVE purchased the property. There is no 'subject to finance', or 'subject to house sale', you HAVE bought the property. There is nothing to be wary of as long as you have done your homework, and have sought the correct advice along the way. You are essentially making a 'cash unconditional offer'.

Possession is per the Particulars and Conditions of Sale, and can typically be up to three months after the Auction date, especially if you have your own property to sell. Some owners will consider variations and these are recorded individually on an 'Aside Agreement' which allows potential buyers to be able to bid on the day.

## CAN I PURCHASE BEFORE AUCTION DAY?

The Vendor would need to be convinced that the offer is a very good one for them to consider selling before Auction day. Some Vendors may take this option, and some may not. Because the property is going to Auction, if an acceptable pre-Auction bid is tabled, then all interested parties are contacted. Ask your sales consultant about the procedure for a pre-Auction bid.

Chattels are normally mentioned in the 'Particulars and Conditions of Sale', and you need to make sure they are exactly what you expect to be left in the property. GST will also be mentioned in the 'Particulars and Conditions of Sale', and you should check that this is correct with your own calculations. Note that on residential properties there is normally no GST payable.

## WHAT ARE THE 'PARTICULARS AND CONDITIONS OF SALE'?

This is the Contract that you will sign if you are the successful bidder on the day. It is simply a Contract that spells out the Conditions you have bought the property under, and binds you to the purchase of the property. It also binds the Vendor to sell the property to you as per the Auction Agreement. The 'Particulars and Conditions of Sale' are available prior to the Auction. If you have any doubts on the terminology or clauses used, please speak to your sales consultant and/or solicitor.

Note that if you buy the property before an Auction, or on the Auction day, you will use the normal 'Particulars and Conditions of Sale' Agreement. This may also be used immediately after the Auction. If the property is 'passed in' and you are interested in putting in an Offer on the property, the standard 'Sale and Purchase Agreement' designed by the Law Society and Real Estate Institute will probably be used.

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