

The BHR guide to buying at Auction.

Congratulations – you’ve found your dream home or that ideal investment and it is going to Auction.

Forget all the hype and press, buying at Auction really is simple and provides the most transparent way possible to buy. When a property is offered ‘For Sale’ the seller sets the price; at Auction the final price is set by the market and you know who your competition is.

At BHR we’re not here to trick you in to paying more, we’re here to sell property and we want you be prepared for the Auction.

To assist we have prepared this **12 Step Guide** to take you through the process and show you how a Place auction works.

We look forward to seeing you on Auction day.

Step 1. Tell the Agent you’re interested

It seems simple really - if you like a property and you want to buy it, tell the BHR Agent handling the sale. That way we’ll let you know if there is an opportunity to buy before auction or if there are any changes along the way. If we don’t know you’re interested we may sell to somebody else without you getting a chance.

Step 2. Ask for a copy of the Contract

All properties in New South Wales must have a Contract for Sale drafted before they are shown to buyers. The Contract outlines the seller’s terms - what is included with the property, how long the settlement period is, etc.

If you’re interested in a property your BHR Agent will be able to email you and/or your solicitor a copy of the Contract.

Step 3. Call your solicitor

They will check the Contract explain what you are buying and what your obligations are. They can also give guidance on the best name and way to buy the property

If there is anything they believe should be changed they will liaise with the seller’s solicitor. Once they agree they will notify BHR so we know the final terms if you buy the property.

If you don’t have a solicitor BHR can refer one – we don’t get paid for this, we refer them because we know they’re good.

Step 4. Consider a building inspection

Depending on the property you may want to consider a strata or building inspection.

You can arrange your own or buy an EYEON report – independent of Place, we commission these reports as part

of the sale process so you can buy them quickly and easily online – if you don’t end up buying the property you even get a partial refund. Your BHR Agent can provide more information

Step 5. Get your loan & deposit ready

Visit your lender and finalise any home loan arrangements. A deposit, usually 10% of the purchase price, will need to be paid on completion of the auction so ensure you have these funds available.

The deposit can be paid by paid by personal or bank cheque or by prior arrangement with the sellers solicitor, by deposit bond.

Deposits are payable to BHR - SALES TRUST

Step 6. Confirm the Auction details

Place conducts most auctions on Wednesday nights at the *BHR Auction Centre* at 330 New South Head Road, Double Bay. There’s plenty of parking nearby. You’re welcome anytime

In-Room auctions start at 6:00pm with Bidder registration from 5.30pm. Sometimes we shall auction a property on-site at a different time.

The order of sale for our in room auctions is confirmed by 11am on auction day and posted on our website www.mybhr.com

While we can’t guarantee a start time for each property we set the order, and subject to any last minute sales, submit the properties in that order.

Step 7. If you want to buy, register

In New South Wales you must register to bid at auction.

To register you need to show photo ID with your current address – a drivers licence is best, but otherwise bring your Passport and current utilities bill or bank statement.

If you intend to buy a property in joint names, e.g. husband and wife, only the person who will be physically bidding needs to register.

Once you register you will be given a Bidders Card with your registration number – you will need to show this each time you bid.

If you want someone else to bid for you; are bidding on behalf of a company, trust or superannuation fund or if you can’t attend and need to bid by phone you will need to prearrange this. Your BHR Agent can assist or you can download the right registration forms from our website at www.mybhr.com

It is important that you register under the person’s name or entity that wants to buy the property.

Once registered you should check the final Contract for Sale – the seller has the right to amend the Contract prior to auction. You should check to see if any changes have been made that may affect you.

Prior to the Auction the Auctioneer will confirm the Terms & Conditions of Auction and the final terms of the Contract for Sale. These are also on our website at www.mybhr.com

Step 8. Set a limit, but not a round number!

A lot of properties sell for only a few thousand dollars more than a round number.

If you want to buy for \$800,000, ask yourself would you miss it for another \$1,000 or \$3,000? If not set your limit at \$801,000 or \$803,000. The majority of buyers that miss out at auction stop on a round number!

Step 9. Bid and bid well

Don't strategize too much – we conduct hundreds of auctions each year and each one is different. 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 that is purchase a property.

The best advice we can give is that if you are there to buy ... Bid.

Many buyers sit back and wait but 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 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.

If you don't bid you are missing the chance to show the seller where the market sees the value of the property. You may also miss out on getting the chance to buy.

When bidding listen to the Auctioneer. They will suggest the best level to start bidding and the amount which to increase. Trying to 'slow bidding' by offering a lower increase, just shows you are running out and gives hope to the stronger buyers.

The Auctioneer has the absolute right to refuse any bid that they deem not in the seller's best interest.

They also have the right to submit one bid on behalf of the seller during the auction – this is not the reserve price.

Last of all, all bids must be genuine. Dummy bidding is illegal in New South Wales.

Step 10. Be the highest bidder

Only one person can be the highest bidder – if you want to be the new owner you need to be it.

There are two scenarios possible – the property will sell, or the seller's price won't be met and a sale will be negotiated afterwards.

The Auctioneer will confirm if a property is selling before the fall of the gavel.

Before the auction, the seller sets a 'reserve' – this is the lowest price they will accept. If bidding does not reach the reserve the seller can choose to reduce their reserve and sell, or pass the property in.

If the reserve is not met you may be approached by the BHR Agent and asked to increase your bid. You are not bidding against yourself, you are simply not at a level that the seller will accept and are being given the opportunity to increase your bid and buy.

If the reserve is not met, and no further bids are there the Auctioneer may 'pass the property in'. Whilst this is not a right of law, in most cases the highest bidder will have the

first opportunity to negotiate with the seller at the reserve price.

If you want the chance to negotiate make sure you are the highest bidder. Other bidders may have no opportunity to increase their offer.

Step 11. Get ready for the fall of the gavel

On the fall of the gavel the property is Sold. It's done. There is no opportunity after this to further negotiate the price or terms of the Contract.

The sale is confirmed by the seller and buyer signing the Contract of Sale (adjusting for any confirmed amendments) and the payment of the deposit.

To make signing easier, you should bring to the Auction your deposit or cheque book; the name, firm, address, email and phone number of your solicitor; and details of any changes to the Contract that have been agreed (Place will confirm these).

After the sale, BHR will forward the original Contracts of Sale to the seller's and your solicitor and provide you with written confirmation of your purchase.

Step 12. Celebrate your purchase

Once the Auction is over your solicitor will attend to all the final searches and will liaise with you to make sure your finance is all arranged. They will take you through the process of finalising the sale, paying stamp duty etc.

During the settlement period you may wish to see the property again or may need to have a valuation completed. Your BHR Agent can arrange access.

If you're buying the property as an investment now is a good time to speak with BHR about managing your property. BHR has a highly regarded and experienced leasing and management division offering preferred rates for BHR clients - we may also be able to get permission from the seller to find you a tenant before settlement minimising any lost rent when the property is finally yours.

Shortly before settlement we'll contact you to arrange your pre-settlement inspection and confirm the handover of keys

If you have any more questions we'd love to help - call us at 9302 1766 or email us at bhr@mybhr.com

Good luck bidding.

We hope we're congratulating you soon!