

A Guide to Buying at Auction

August 2020

Buying at Auction

Buying at auction is an assured way of securing a purchase. Once a bid is accepted, contracts will be exchanged on the day of sale. The vendor cannot withdraw from the sale, nor is it possible for any kind of gazumping to take place. Due to auctions being conducted in public, there can be no secret bidding or unfair competition and once the gavel comes down, the successful bidder is legally committed to both pay the agreed price and to complete the purchase. Another attraction of buying at auction is that the properties are usually offered at a realistic guide price, particularly when in need of repair, refurbishment or being sold by a vendor who is not looking to purchase another property.

The vendor will provide a legal pack which may be inspected at any time. Details of the vendor's solicitors will be available and, should a mortgage be required, it is advisable to have this in place prior to the sale. Andrew Lane Ltd always advise that funding is discussed with a professional advisor prior to attending the sale. The successful bidder will usually be required to pay 10% of the purchase price on the day. The balance of the purchase price is required on an agreed completion date which is normally 28 days after the auction.

Obtain Legal Advice

A legal pack is requested from the vendor's solicitors and contains copies of all legal papers, which will be required by any prospective purchaser for them to make an informed decision regarding the purchase of any lot. The pack will include special conditions of sale, title deeds and plans, the relevant Local Authority searches, Leases (if applicable), replies to contract enquiries and any other relevant document. All legal packs are available for inspection prior to each auction and on auction day. Any purchase at auction takes place under the assumption that all documentation and the terms of the contract have been read and understood. It is strongly recommended that any potential purchasers carry out full investigations for any lot in which they have an interest and obtain their own independent advice prior to attending the auction.

Viewing the Property and Surveys

We always recommend that prospective bidders make a thorough inspection of any property in which they have an interest. If you decide to have a survey of any auction property please ask your surveyor to call us directly to make the arrangements for access to the property. It is important that this is done in a timely manner as marketing of auction property is usually in a short 6 week window.

Finance

It is advised that you arrange your finance with your bank or building society as early as possible in the process as there will need to be a survey and valuation. Should a mortgage be required approval in principle must be obtained prior to the auction. Lenders are familiar with the auction process and are usually willing to provide a mortgage offer to purchasers intending to purchase at auction. If you have any doubts you should contact an independent financial advisor. It is essential that the lender can provide funds within the time scale for completion. On the day of the auction the purchaser will need to pay 10% of the purchase price and must ensure that there are cleared funds to pay this amount.

Purchases Prior to Auction

Vendors may consider offers submitted prior to the auction day. Any such offer needs to be submitted to Andrew Lane Ltd, this will then be referred to the vendor for their instructions and passed on to the

prospective purchaser. Any offers would have to be unconditional and the purchaser must be in a position to exchange contracts and pay the required deposit prior to auction day. The Lot will not be withdrawn from the auction until contracts have been exchanged.

Telephone and Proxy Bidding

If prospective purchasers are unable to attend the auction it is possible to bid in other ways:-

By telephone – the prospective purchaser will be called by a member of the auction team as the Lot is being auctioned and they will take their bid over the telephone.

By proxy in writing – a member of our auction team will represent the prospective purchaser, who has previously specified their maximum bid.

In each case a registration form and cleared funds to cover the deposit are required prior to the date of the auction. A proxy/telephone bidding form is attached to this auction guide and is also available from the auctioneers separately. It is vital that this form and cleared funds are available to the auctioneer at least 24 hours in advance of the auction.

Attending the Auction

All potential purchasers must bring with them to the auction room the following:-

Identification – this is legally required under the Money Laundering Regulations. Therefore a photographic driving licence or passport and a current utility bill to show proof of residence is required. We will take a photograph of this identification document and it will be kept on file if you are the successful purchaser, it will be destroyed within 48 hours of the auction if you are not. You will need to bring a cheque book, a debit card (please note no cash or credit cards are acceptable) and/or a Banker Draft for the deposit of 10% of the purchase price.

If you are paying your deposit by cheque we will need two cheques one for the deposit and one to cover the buyers fee.

The Auction Process

Prospective purchasers will be required to register at the auction with the auction clerk. Identification will be taken. Early arrival at the auction is recommended to assure that this process is properly completed. Each prospective purchaser will be given a bidding number which will be used as a bidding paddle with the auctioneer only taking bids from those paddles.

Early arrival is also recommended to ensure that the auctioneer's announcements are noted regarding withdrawal of lots or changes to any lots or running order.

The auctioneer will make pre auction announcements regarding the conduct of the auction. Please note questions will not be taken by the auctioneer from the floor once the auction is in progress. Any questions or queries should be dealt with prior to the lot being offered. The auctioneer will start the bidding by invitation and will invite bids at a particular level. You can make bids by raising your bidding paddle. All bidders in the room will have an equal opportunity and the auction team will be available for support. Once the desired price has been reached and the final bid is made the auctioneer will

announce that the gavel is about to fall and the property will be deemed to be sold. At the fall of the hammer a legally binding contract has been executed.

Contracts are then exchanged and the successful purchaser will be invited to pay the 10% deposit and the buyers administration fee and to sign the Memorandum of Sale at the end of the auction. If you are the successful bidder you are legally obliged to complete the sale.

Reserves

Lots will be offered for sale to an undisclosed reserve price (unless otherwise stated).

Definition of Guide and Reserve

Guide price(s) are an indication of the vendor's expectation.

Reserve price(s) are figures below which the auctioneer cannot sell the lot at auction. We expect that the reserve will be set within the guide price range but this is not always the case.

Guide prices may change at any time prior to the auction.

Withdrawal or alteration of lot. In some rare circumstances lots are withdrawn from the auction or the nature of the lot is altered for some reason or another. The vendor and auctioneer always reserve the right to make such alterations or withdrawals and the prospective purchasers must make sure that they have checked and understood what lot is being offered to them at the point of auction as once the hammer has fallen a binding contract has been entered into.

Buyer's Administration Fee

Each purchaser of a successful lot will be required to pay to the auctioneers on the day of the auction £900 (£750 + VAT @ 20%) to cover the cost of administration of the buyer identification, money laundering rules, handling of monies and associated paperwork.