

Guide to Buying a Property at Auction

This guide has been written as an introduction to purchasing property through auction for the newcomer, covering all aspects from selecting appropriate properties, bidding at auction and structuring financing.

Auctions are becoming an increasingly popular channel through which to purchase property, Property auctions are often used by lenders, developers, investors and councils to sell property in a quick and efficient manner. If you are the successful bidder at auction you will usually have 28 days to complete the purchase or even less in some cases, therefore it is important you are well prepared at all stages of the auction process.

Before the Auction

Firstly, it is important to decide what type of property you are looking to purchase, the location and how much you are prepared to spend.

Finding a Property at Auction

Paul Fosh Auctions provide catalogues online and / or by post. Catalogues are typically available 3 weeks before the auction date.

The catalogues provide basic information for each of the lots to be auctioned – A photograph and / or plan, description and a guide price. The guide price provides an indication as to the price the vendor hopes to achieve at auction. Once you have short listed properties that are of interest, you should contact Paul Fosh Auctions to register your interest. This will enable us to keep you informed of any changes, i.e. if the lot has been withdrawn or sold prior to the auction.

Viewing Properties

It is essential to view the properties of interest to you before the auction day. Viewing arrangements for each lot are contained in the auction catalogue and on our website and typically take place on a pre-determined date and time. It is useful to note that when buying tenanted properties, viewings are not always possible.

Finance

Prior to bidding at auction it is important for you to obtain approval in principle from your financing provider before the property auction

You should be aware that with tenanted properties access is not always readily available, even after the auction. This should be taken into consideration as most long term finance lenders will require an internal inspection of the property.

Legal Packs

Legal packs are available and should contain any Special Conditions, Title Deeds, Office Copy Entries, Leases (where applicable), Planning Permissions (where applicable), Tenancy agreements (where applicable), and an EPC (where applicable). Copies can be obtained from Paul Fosh Auctions prior to the auction and are available for inspection at the auction itself. You can also view the legal documents for each property on our website. www.paulfoshauctions.com

General and Special Conditions of Sale

Each lot is sold subject to the Notices and General Conditions of Sale printed in the property auction catalogue and the Special Conditions which apply to specific lots. These conditions are legally binding and purchasers are deemed to have read and understood these prior to bidding. It is therefore important that you and your legal advisors satisfy all of your legal enquiries and are aware of all conditions prior to bidding at auction.

Inspections and Surveys

It is recommended to obtain a surveyor's report prior to bidding at auction and if possible and where appropriate a full structural survey.

This can be costly especially if you are interested in more than one property and you may not be the winning bidder at auction. However, a professional may identify issues with the property and will provide a firm indication of value.

Bidding Prior To Auction

You can submit an offer before the auction which is forwarded to the vendor. If this is accepted, your purchase will proceed and when contracts have been exchanged the property will be withdrawn from the auction. Offers should be unconditional and you should ensure that you are in a position to exchange contracts and complete at the appropriate time.

Unable to Attend the Auction

If you are unable to attend the auction, there are a variety of ways by which you can bid:

- 1)** Arrange for someone to bid on your behalf. They will require your written consent and you should agree limits before bids are submitted.
- 2)** Submit telephone bids to a member of the auction team who will be present in the auction room. This requires prior arrangement with the auctioneer and requires a 10% deposit (subject to a minimum) plus the Buyers Premium to be transferred or paid to the auctioneer prior to the auction day.
- 3)** Bid by Proxy. This requires you to register your highest bid in writing with the auctioneer along with a deposit for 10% of the figure quoted (subject to a minimum) plus the Buyers Premium. A member of the auction staff will bid on your behalf up to your set limit.

At Auction

Bidding at Auction

It is advisable to arrive at the auction early in order to check if there have been any last minute alterations to the details of the lots. The lots will be sold subject to these amendments and it is important that you check these before bidding.

Before bidding you will need to register and for this you would require two forms of identification – one should be photographic and the other should show your current address.

The legal pack for the lot you are interested in should be checked prior to bidding as additional documents are sometimes received on the day of the auction.

The auctioneer will announce each lot by number and address and will invite bids at a suggested level. You can bid by raising your hand or catalogue, ensuring that you bid clearly as it is often difficult for the auctioneer to track individuals in a busy auction room. When the bidding reaches the highest level the auctioneer will indicate that it is to be sold (as long as the price is greater than the reserve price). If you are the highest bidder the auctioneer will bring down the gavel and you will have purchased the lot. At this time a legal and binding contract is formed.

Should the reserve not be exceeded, the property will not be sold. If the final bid is close to the reserve the auctioneer will often state that you are close to the reserve price and you should 'come and speak to us'.

Successful Bidder

If you are the successful bidder you will be asked to complete a purchase slip and attend the contract desk where the written formalities will be completed. You will need means of paying the deposit, the name and address of the solicitors who will be acting for you and proof of your identity and address.

Following the auction the contract and legal pack will be sent to your solicitor. The balance of the purchase monies is generally payable within 28 days or sooner if varied by the Special Conditions of Sale.

Property Auction Deposit

It is important that you have all finances ready for the day of the auction. Should you be the successful bidder, a 10% deposit or minimum payment of £2,000 (whichever is the greater) will be required to be paid.

The deposit should be payable by way of a personal or company cheque, bankers draft or building society cheque. Due to Money Laundering rules there is a limit to how much cash can be accepted. Credit / Debit cards are not accepted as a deposit.

Insurance

The property is your responsibility from the date of exchange and it is therefore very important that you make arrangements to insure it immediately after the sale.

Unsold Lots

If the lot you are interested in is unsold you should register your interest with the auctioneers before leaving the room as there is the opportunity of furthering negotiations with the vendor.

This document is only intended as a brief and general overview of the property auction process. If you have any specific enquiries you should contact Paul Fosh Auctions directly – 01633 254044.