

Buying At Auction

Anyone planning to buy at auction must be prepared well before the property goes under the hammer. Remember, there is no cooling-off period when you buy at auction, so you have to be 100 per cent certain that this is the property for you before bidding. To increase your chances of auction-day success, follow these five steps:

1. DO YOUR RESEARCH:

Once you have found a suitable property and monitored sales in the area, start attending auctions for similar properties. This will give you a realistic understanding of the auction process, where the key points are bidding with confidence and sticking to your limit.

2. SEEK EXPERT ADVICE

- **Check the contract:** Your conveyancer or solicitor must examine the Contract of Sale prior to the auction so you can be confident that everything is in order.
- **Check the building:** All building, pest and strata inspections to be undertaken prior to auction so you know that you aren't buying into a money pit.
- **Know your buying power:** Your finances must be in order prior to auction so you know exactly how much you can spend and if you are the successful bidder, you'll be required to pay a deposit on the spot. Don't forget to factor in all hidden costs so you don't over commit.

3. REGISTER TO BID

If you are required to be a registered bidder, as per the law in NSW, Victoria and Queensland, you must do so before the auction. At present you do not have to be registered to bid in South Australia, Tasmania, the NT or Western Australia.

To register, you must provide the selling agent with proof of identity and address, which will be required on auction day. Your details will be recorded by the selling agent in the 'Bidders Record', and you will receive a bidder's number on the day. The selling agent should also provide you with a 'Bidder's Guide' fact sheet prior to the auction.

4. BE READY ON THE DAY

Arrive at the auction room early with cheque book in hand. Position yourself close to the auctioneer and can watch other bidders. When you are ready to bid, do so with confidence and don't go over your budget – keep in mind that there will be other properties to choose from.

5. ENTER THE HOME STRETCH

- **Meeting with success:** Putting in a successful bid to buy a property means that you will be required to sign a contract and pay your deposit immediately, which is usually 10 per cent of the purchase price. The balance of the purchase price will be paid on settlement.
- **Protecting your asset:** Once you've signed on the dotted line, immediately organise insurance cover to protect your interest in the property.
- **The alternative:** If you really want a property but don't want to bid at the auction, you can make a pre-auction offer through the selling agent. Some vendors will prefer to see the auction through but others may be willing to negotiate.

FOR MORE INFORMATION

- Contact the Office of Fair Trading.
- To download a copy of the 'Bidder's Guide' fact sheet, log onto www.fairtrading.nsw.gov.au, click on 'Real estate and renting' and follow the prompts to 'Buying & selling'