

A Guide to buying residential property at auction

Rook Matthews Sayer works in association with the top property auctioneer in the North East called Agent's Property Auction. They were rated top in the North East region for the amount of properties that they sold which is great news for you buying a property.*

Together, we sell properties of all shapes, sizes and budgets from small bungalows to grand estates across the North East.

For first time buyers at auction, we understand that the auction process can seem a bit daunting, so we have created this helpful guide with handy pointers to guide you through the process.

If you have any other queries, please don't hesitate to call your local Rook Matthews Sayer branch who will be happy to answer any questions.

1. Registration

In order to bid at APA's Auctions you will first need to create an account with EIG by providing your contact details. You will be required to verify your email address, by clicking an activation link that they will send to you via email. Once you've created an account you can 'watch' lots that you're interested in (you'll be kept up to date throughout the auction cycle). In order to place a bid on a lot you will need to complete the bidder registration steps, as detailed below. Please note, the first time you register to bid you will also be asked to verify your mobile number. This is required so we/APA can easily keep in touch and helps us confirm your identity in the event of you purchasing a lot.

2. Accept Terms

You will be asked to read and accept APA's Online Auction Terms and Conditions. Additionally, there may be specific documentation relating to the sale of the property you're registering to bid on that will need to be read and accepted before you are able to bid. Once accepted, you will receive a copy of the document(s) via email for your own records.

3. Auctioneer Review

Once you have completed the bidder registration steps Agents Property Auction will review your registration to bid. APA will contact you to obtain the information required to complete their Anti Money Laundering requirements and arrange payment of the deposit. APA may electronically verify your identity with a credit reference agency – this is a quick and simple process which leaves a 'soft footprint' and does not affect your credit score. You will be notified by email as soon as you have been approved to bid.

4. Due Diligence

In general terms, you are strongly advised to view the property and take professional advice as to its condition and suitability. You should also ensure that you thoroughly read and understand the legal pack and any other associated documentation available online, and take proper legal advice accordingly. Finally, understand the contract you are entering into and the financial commitment that you will be liable for should you be the successful purchaser. You may also wish to contact a Chartered Surveyor and ask them to survey the property you wish to buy, some bidders may try and avoid this cost, but it could save you from making an expensive mistake. Make sure the property is still for sale before you pay for a survey. You can contact our Survey department who will be happy to assist.

5. Guides and Reserves

What is a Guide Price?

A Guide Price is an indication as to where the reserve is currently set. It is not necessarily what the auctioneer expects to sell the lot for, and should not be taken as a valuation or estimate of sale price. The reserve will not exceed the Guide Price by more than 10% if it is a single figure Guide price, and if a Guide Price range is quoted, the reserve will fall within that range.

What is a Reserve Price?

The reserve is the minimum figure that the Auctioneer is currently authorised by the vendor to sell the property for. Please note that the reserve is liable to change throughout the course of marketing. The Auctioneer reserves the right to lower the reserve during the auction to a level that matches the existing highest bid. In the event that there were no further bids, the bidder who placed that 'highest bid' will be declared the purchaser at the end of the auction process.

*As ranked by The Essential Information Group 2019 results based on capital value raised, number of lots sold and average sale price achieved in the North East.

6. Bidding

When the auction opens, you will be able to place bids in line with the pre-determined bid increment levels, using the bid increase (+) and decrease (–) buttons provided. Having set your preferred bid amount and clicking the ‘Place Bid’ button, you will be asked to confirm your bid at which point it will be placed. Every time you submit a bid you will be clearly shown whether your bid was successful, and a full list of all bids is displayed on-screen at all times.

Maximum (proxy) bids

You are not restricted to placing a bid at the minimum bid amount, but can instead increase your bid and place a maximum (proxy) bid in the system. By setting a maximum bid, the system will automatically bid on your behalf to maintain your position as the highest bidder, up to your maximum bid amount. If you are outbid, you will be notified via email so you can opt to increase your bid if you so choose.

How proxy bids work with the reserve price

Virtually every lot is sold subject to a reserve price (the minimum price that the auctioneer is authorised to sell for on the day). When you submit a maximum bid, the actual bid placed by the system will depend on where the reserve price is in relation to your maximum bid, as defined below.

If your maximum bid is below the reserve price

- The system will place an immediate bid at your maximum bid amount.

If your maximum bid is at or above the reserve price

- The system will automatically increase your bid to be at the reserve, and will only bid again on your behalf if you are subsequently outbid by another bidder (up to your maximum bid amount).
- If another bidder has already placed the same maximum bid or higher, they will be the highest bidder at your max bid level and the system will notify you via email so you can place another bid.

NB: Your maximum bid is kept completely confidential – it’s presence or amount are not disclosed to the auctioneer, vendor or any other bidder.

Bidding example:

1. The current bid on a lot is £90,000. The reserve price has been set at £100,000 (not disclosed).
2. Tom wants to bid. The minimum bid amount is £91,000 but Tom decides to place a maximum bid of £97,000. This is below the reserve price, so the system places a bid for Tom at his maximum bid amount and he becomes the highest bidder at £97,000.
3. Jane logs on to bid. The minimum bid amount is £98,000 but Jane places a maximum bid of £105,000. The system automatically increases Jane’s bid to meet the reserve and she is now the highest bidder at £100,000. However, Jane still has a proxy bid of £105,000 “in the system” which will automatically bid on her behalf if anyone else places a bid.
4. Tom is notified that he has been outbid. If no more bids are placed Jane would win the lot for £100,000.
5. Tom places a bid of £101,000, and Jane’s proxy bid instantaneously outbids him at £102,000 as this is the lowest bid required to make her the highest bidder.
6. Tom then places a maximum bid of £105,000. The current bid jumps to £105,000 with Jane as the highest bidder as she placed a proxy bid at that amount before Tom did.
7. Tom then places a bid at £106,000 and wins the lot as there are no other bids and it is above the reserve.

7. Bidding Extensions

Unlike eBay, bid sniping is impossible on APA's online auction platform. All auctions will close as per their advertised 'Auction End Date', however if a bid is placed within the final 60 seconds of the auction's scheduled end time, the auction will be extended by an additional 60 seconds – known as the 'bidding extension window'.

If a bid is placed in the bidding extension window, the countdown clock will immediately reset to 60 seconds again, and the auction will only finish when an entire 60 second bidding extension window passes without any further bids being placed, i.e. 60 seconds of 'bidding silence'. This ensures every bidder has a fair and equal opportunity to place another bid.

Do not leave your bid to the last few seconds. It gives you no advantage, you risk your bid not being received by the server in time and you could lose the lot to another bidder.

Bidding is based on the server time and not your device which could be up to 2 seconds behind the server.

8. Fall of the Gavel

APA offer property for sale by both immediate exchange of contract and conditional exchange of contract. It is imperative that bidders are aware which method is being used for the lot(s) they are interested in, and that they understand the terms to which they are bound by under each method. Both the particulars of sale and the legal pack will indicate which method is being used, and a summary of each type is shown below.

Immediate exchange of contracts (Option 1) means that the fall of the electronic gavel constitutes an exchange of contracts between the buyer and seller. Both parties are legally bound to complete the transaction – usually within 20 business days following the close of the auction, but this will be confirmed within the legal documentation.

Conditional exchange of contracts (Option 2) means that the fall of the electronic gavel secures the winning bidder with an exclusive 'right to exchange contracts' on the property within the prescribed time frame – usually 28 days, but this will be confirmed in the terms and conditions of sale. Unlike the immediate exchange of contracts, this method gives the bidder additional time to secure mortgage finance before exchanging contracts, whilst the seller undertakes not to sell to anyone else during this period.

9. Post Auction

If you are the successful purchaser then APA will be in touch following the online auction to discuss the next steps and take payment. The contract will then be signed on your behalf with copies being sent to both your solicitor and the seller's solicitor.

**YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.
YOU MAY HAVE TO PAY AN EARLY REPAYMENT CHARGE TO YOUR EXISTING LENDER IF YOU REMORTGAGE.**

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