



Countrywide Property Auctions

A GUIDE TO BUYING AT AUCTION

PROPERTY
Auctions

Introduction

Auctions are a popular way of buying properties, not only by large institutions and public bodies, but also by small developers and private investors wishing to capitalise on picking up a “bargain” in a property auction.

One of the main benefits of buying properties at auction is the speed with which it takes place. Purchasing a property from an Estate Agent (via a private treaty sale) may take 3–6 months from the initial inspection to completion. From the time the auction catalogue arrives on your doorstep, you only have about 3 weeks until exchange of contracts at the auction. Completion will usually follow within 20 working days.

Remember, at the hammer contracts are considered exchanged and the property is yours.

The purpose of this guide is to assist buyers identifying the areas they need to consider within the short timescales they have, so that they can come to an auction and bid with confidence. There are three main topics a buyer needs to consider before they come to an auction:

1. What is the property worth, and what condition is it in?

Having chosen the property that interests you, get as many comparable properties from local estate agents with the same type of accommodation and inspect as many of them as possible. You will then be able to build up a picture of how the property compares with others. Speak to as many people locally as possible to find out as much as you can about the area where the property is situated. In this way you are valuing the property.

You can get additional help in the following ways:

- Ask a member of the family or a friend who knows about property maintenance to give an opinion as to what needs to be done to put the property in good order,
- Obtain quotes from builders for works and costs of refurbishment.
- Take professional advice from a Chartered Surveyor. There are three types of survey offered by the RICS which are:
 - Level 1 – RICS Condition Report
 - Level 2 – RICS HomeBuyer Report
 - Level 3 – RICS Building Survey

The costs vary according to survey type which reflects the amount of detail each report goes into. More information is available at the RICS website www.rics.org

- The RICS also has a very helpful guide to buying at auction which can also be downloaded from their website.

2. How are you going to fund your purchase?

At the time of the auction, your finances should be in place. Our advice is do not purchase the property unless your finances are

water tight as there will be legal obligations and penalties if you are unable to complete the transaction. Remember, completion often takes place 20 working days or less from the date of the auction!

If you are not a cash buyer and you need to obtain a mortgage, shop around to get the best deal to suit you. Place your mortgage with the Bank or Building Society of your choice at the earliest possible time. Mortgage offers can take at least 2 weeks to process so alert your Financial Advisor that you are buying the property by auction so that he can speed things up.

3. What do I do about the legal matters?

For every property in our auction catalogue we ask the vendors solicitors to provide us with a legal pack. These packs are available to view online by visiting our website www.countrywidepropertyauctions.co.uk. The legal pack can always be viewed in the auction room on the day of the sale. It is important that either you or your solicitor inspect this paperwork prior to the auction. A solicitor will be able to point out to you whether or not the property has a legal clean bill of health. The legal pack usually includes the Land Registry Search, Title documents, a copy of any Leases affecting the property and Special Conditions of Sale.

Having taken proper legal advice, with your funding in place, and having considered the value and condition of the property you should now be feeling confident that you know everything possible about the property of your choice. You are now ready to go to auction.

We appoint a dedicated estate agency office to provide a full and proactive marketing service to complement the Auction Team's activities, at no additional cost to our clients, ensuring complete coverage leading up to the auction.

What happens at an Auction?

Registration You will be asked to complete a registration form before you are given a bidding number.

Personal Details You need some means of identification for the Auctioneers, so please bring with you your passport or driving licence and a public utility bill, which must be no older than three months. If you are buying for, or on behalf of anyone else, please contact us for a full list of the qualifying documents and verification required.

Solicitors Details Bring with you the name, address and telephone number of the solicitors who will be acting for you to see you through from exchange of contracts to completion.

Deposit If you buy a property, you will be asked to come to a settling desk to sign the memorandum of sale in duplicate. At that time you will be asked to provide a deposit of 10% of the purchase price or a minimum of £2,000 for properties which

are sold for less than £20,000. There are some exceptions to the rules and minimum deposits can be higher than £2,000. Check with the Auctioneers before you come to the auction in case you need to bring a higher deposit. In addition to the deposit payable upon exchange of contracts, buyers will be required to pay an administration charge. The charge is £800 (inclusive of VAT). A full VAT receipt will be issued at the auction. Deposits plus administration charges can be paid by cleared funds – bankers draft or building society cheque. You may also pay by a Company cheque or personal cheque. These cheques will be expressly cleared. Personal/Company identification will be required.

The Contract Once the memoranda of sale have been completed, one copy is given to you which you must take to your solicitors. The second copy and deposit are retained for the seller's solicitors. Completion will take place in around 20 working days or as detailed in the legal pack.

Do's and Don'ts

✓ Do...

- Bring to the auction originals of the necessary **identification documents required**. For further information contact the Auctioneers if you are unsure what to bring.
- **Contact the Auctioneer** and register your interest pre-auction. If you do not register your interest, you may find the property sells prior to auction and you are not made aware.
- **Take professional advice**. Employ the services of a solicitor to vet the legal pack. If you need a mortgage take advice from a Financial Advisor as to the best type of mortgage to suit yourself.
- **Contact the Auctioneers** the day before the auction to confirm that the property you are interested in is being sold the following day. The nature of auctions can mean that properties are withdrawn at the last minute.

✗ Don't...

- **Do not buy the property if you have not arranged finance** prior to the auction.
- **Do not expect to pay the deposit by credit card**. We are unable to process these payments.
- **Don't forget, once the hammer drops you are obliged to meet the price**. It is too late to negotiate after the property has been knocked down to you.
- **Don't forget to read the addendum**. This will be available on the day of the auction and contains important last minute information about the lots being offered for sale.



Other Notes of Interest

What is a Guide Price? This is an indication of the seller's current minimum acceptable price either prior to or at auction. The guide price or range of guide prices is given to assist consumers in deciding whether or not to pursue a purchase. It is usual, but not always the case, that a provisional reserve range is agreed between the seller and the auctioneer at the start of marketing. As the reserve is not fixed at this stage and can be adjusted by the seller at any time up to the day of the auction in the light of interest shown during the marketing period. The guide price can be shown in the form of a minimum and maximum price range within which an acceptable sale price (reserve) would fall, or as a single price figure within 10% of which the minimum acceptable price

(reserve) would fall. It is not a valuation and, as such, should not be relied upon by prospective purchasers who should obtain their own professional advice on values. A guide price is different to a reserve price (see following definition). Both the guide price and the reserve price can be subject to change up to and including the day of the auction.

What is a Reserve Price? Each property is subject to a reserve price. This is the seller's minimum acceptable price at auction and the figure below which the auctioneer cannot sell. The reserve price is not disclosed and remains confidential between the seller and the auctioneer. Both the guide price and the reserve price can be subject to change up to and including the day of the auction.

Offers You may make an offer pre-auction on your chosen property. By law these will be forwarded to the sellers for their consideration. Please make any offers directly to the Auctioneers.

Insurance From the time that the property is sold to you at the auction, it is at your insurable risk. Please make sure that you obtain insurance cover urgently after the auction.

If you follow this guide you should be more prepared than most when you attend an auction. Take the right advice and come to an auction and bid with confidence. You may just get a bargain!

31 Auctions a year

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