

This guide has been published by Brendons Auctioneers to give a brief overview to prospective buyers and sellers as to how the auction process works. This method of sale is becoming increasingly popular and auctions now account for a significant number of all property sales. It is generally a faster process than the normal private treaty method of sale and, when a property is sold at auction, it literally means that IT IS SOLD.

Brendons' auction team is always available to answer any questions that may not be covered in this guide. They can be reached at our offices on **08456 52 52 51** or by emailing auctioneers@brendons.co.uk.

What is auction?

The process is very similar to the normal method of private treaty. However, for an auction sale the seller and their solicitor carry out all the necessary paperwork and legal investigations prior to the auction. Subject to the property receiving an acceptable bid, the property will be 'sold' on auction day with a legally binding exchange of contracts and a fixed completion date.

SELLING AT AUCTION

Why sell by public auction?

For the vendor there is the advantage of speed and certainty. A reserve price is set prior to the sale, which is the minimum price at which the property will be sold. The gavel will fall when the highest bid is reached at or in excess of that figure. This is the point at which contracts are legally exchanged and completion is normally set 28 days thereafter. Waiting for the buyer to complete the purchase process is eliminated under auction conditions – if the property sells at auction, it is legally sold. The price is set and neither party can change their mind once the gavel has fallen.

How is the price set and on what terms?

Selling at public auction can often achieve a premium with competition for the property and the atmosphere in the auction room all working in the seller's favour. The property is marketed with a guide price and this is purely an indication of a likely figure that would attract interest and that the property may achieve. After analysing the interest through a detailed marketing programme, the 'reserve price' is set with you. This figure is the minimum level at which the property would be sold. This figure needs to be competitive, to ensure a sale is achieved, and can be exceeded. All legal documentation and essential information is available to the buyer prior to the auction in order that the buyer accepts the terms or will choose not to bid for the property. The terms are non negotiable within the auction process: the buyer buys what they see and on the basis of the background information provided.

What types of buyer attend the auction?

Auction sales attract serious buyers who can perform on the day by paying a 10% deposit and exchanging contracts there and then. There are investment buyers, corporate buyers and private individuals within the room and an auction will attract tremendous interest and excitement. The aim of the auction process is to sell the property on the day and to provide assurance that if someone bids at an acceptable level, they will be serious about buying property.

How is the property marketed?

Brendons Auctioneers have invested heavily in technology. This, added to extensive knowledge and expertise, provides a high profile marketing programme and ensures a vast audience is targeted to ensure that every lot offered has the best chance of being sold at the highest possible price. Brendons Auctioneers are the first national auction company to offer a survey service for all lots and these will be available to prospective buyers.

The marketing programme includes:

- Distinctive auction catalogues with colour photographs, essential information and property details.
- High profile advertising in national and regional publications.
- Website advertising through brendons.co.uk
- Marketing through the Essential Information Group database, which has details of X000 regular auction buyers
- Promotion to an extensive buyer database by phone, post and e mail
- Auction catalogues distributed to investors, developers, solicitors, banks, accountants, private individuals and adjoining property owners
- Unique sale boards
- Finance and property insurance recommendations for all buyers and sellers
- Internet auction viewing programme

Brendons Auctioneers will also attract additional buyers through recommendation and via past clients, whose details are held on a database.

What types of property are suitable for auction?

There is strong demand for all types of property offered at auction. These may be properties requiring updating, those with short leases, development sites with or without planning permission, repossessions, forced sales, investment properties, ground rents, probates, receivership sales and local authority properties.

However, any type of property can be sold at auction and initially, the property will be inspected to discuss specific criteria and the current situation. Extensive research will be carried out and advice offered as to whether auction is the appropriate method of sale.

What is the timeframe for an auction sale and what happens next?

Regular residential auction sales are held each year. The latest date for entering property for an auction is five to six weeks prior to the auction. Once the marketing agreement has been signed, the property will be placed in the catalogue and a board erected. The marketing campaign will reach a much wider audience than through selling by private treaty.

Each seller's legal representative will be contacted to obtain a legal pack, which the seller must produce. This pack should generally include office copy entries and plans, the local search, leases (if applicable) and any other relevant documents. All properties at auction are sold under the General Conditions of Sale and, with the legal pack, also require any Special Conditions of Sale to be attached. These are matters that are relevant solely to the lot being sold.

The marketing period starts five to six weeks before a sale. The details of all lots to be offered in the next sale, including colour photographs of each property, viewing arrangements and any other relevant information, will then be published. A few days prior to the auction, the reserve price will be agreed.

What happens on the day?

Brendons Auctioneers' auctions will be held at a West End venue. The advertising campaign, combined with Brendons' reputation, will always attract a large number of people. The lots will be offered and the bidding taken to the highest possible level and once the gavel falls, the contracts will be exchanged. The buyer purchases the property at the price they bid – this cannot be renegotiated and the stipulated terms cannot be changed. The buyer will then pay 10% of the purchase price on the day and completion will occur 28 days later. The funds are then paid to the seller less the fees of Brendons Auctioneers and those of the seller's solicitor.

The atmosphere of an auction room can be extremely exciting and competitive and it is often the case that an interested party will bid in excess of the figure that had previously been set as their maximum. In some cases, the prices achieved at auction can be higher than those achieved by private treaty.

What happens if the property does not sell on the day?

If the property fails to reach its reserve in the room, someone may still wish to buy it after the auction. Offers will always be offered to the seller, for consideration, and it is common practice for properties to be sold under auction conditions after the sale.

BUYING AT AUCTION

How and why is property bought 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 the sale. The seller cannot withdraw from the sale, nor is it possible for any kind of guzumping to take place. Due to Brendons' 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 complete the purchase. Another attraction, of buying at auction, is that properties are usually offered at a realistic guide price, particularly when in need of repair, refurbishment or when being sold by a financial organisation to recover debts.

The seller will provide a legal pack that may be inspected at any time. Brendons Auctioneers strongly advise that professional advice is obtained from a legal representative. Details of the seller's solicitors will be available and, should a mortgage be required, it is advisable to have this in place prior to the sale. Again, Brendons Auctioneers strongly advise that funding is discussed with a professional advisor prior to attending the sale.

The successful buyer you will be required to pay 10% of the purchase price on the day, together with a buyer's premium which is normally £250 including VAT. The balance of the purchase price is required on the agreed completion day and this is normally 28 days after the auction.

What happens next?

To receive a complimentary auction catalogue, do contact Brendons Auctioneers and this will give information about the properties being offered for sale. The catalogue includes descriptions of the available properties, legal information, viewing arrangements and a guide price, which is purely an indication of a realistic selling price. This should not be taken as a firm asking or selling price and should be relied upon as a guide only. Professional advice must be taken in relation to any lot in which there is any interest.

For lots where viewings are arranged, these are carried out on a block basis and are published in all advertising and in the auction catalogue. Any prospective purchaser is welcome at these viewings and should the scheduled appointments be inconvenient, alternative arrangements can be made. Any interest must be registered with Brendons Auctioneers in order that prospective purchasers may be kept informed as to the progress of the sale.

How do prospective purchasers find out legal and survey information for the properties in which they are interested?

A legal pack is requested from each of the vendor's solicitors and this contains copies of all legal papers, which will be required by any prospective purchasers for them to make an informed decision regarding the purchase of any lot. The pack will include office copy entries and plans, the relevant local authority search, leases (if applicable), Special Conditions of Sale, replies to pre-contract enquiries and any other relevant documents. A copy of these legal packs can be obtained from Brendons Auctioneers for a small charge. Should any additional information be required, the seller's solicitors are listed in the catalogue and can be contacted directly. All legal packs are available for inspection at each auction – any purchase at auction takes place under the assumption that all documentation and the terms of the contract have been read.

Brendons Auctioneers is also the first national auction company to offer surveys on all lots – these are available to purchase prior to the auction for a reduced price. It is strongly recommended that any potential purchasers carry out full investigations for any lot in which they have an interest – a survey is an integral part of that investigation.

How is finance arranged?

Should a mortgage be required, approval in principle must be obtained prior to auction. Lenders are now familiar with the auction process and are usually willing to provide a mortgage offer for buyers intending to purchase at auction. A valuation and survey will be required along with legal evidence there are no issues that will affect the value. It is essential that the lender can provide funds within the timescale for completion. On the day of the auction, the purchaser will need to pay 10% of the purchase price and must ensure there are cleared funds to pay this amount. Finance can be arranged through Brendons Auctioneers on request.

Can lots be bought before auction?

Vendors may consider offers submitted before the auction day. Any such offers need to be submitted in writing to Brendons Auctioneers – this will be referred to the vendor and their instruction will be passed on to the prospective purchaser. Any offers have to be unconditional and the buyer must be in a position to exchange contracts and pay the required deposit before auction day. No offers are considered within five days of the auction.

What happens on auction day?

Please do check the day before the auction that any required lots are still available. Early arrival at the auction is recommended to ensure the Auctioneer's announcements are noted regarding withdrawn lots and changes in the order of the sale.

The Auctioneer will make pre-auction announcements regarding the required conduct at auction – knowledge of these is strongly recommended. The Auctioneer will start the bidding by invitation and bids can be made by raising either a hand or the catalogue. All bidders in the room will have an equal opportunity to bid and the auction team will be available for support. Once the desired price is reached, the Auctioneer will announce that the gavel is about to fall and the property will be deemed sold. The successful buyer will be the person with the highest bid at the time the gavel falls. Contracts are then exchanged and the successful purchaser will be invited to the legal desk to pay the 10% deposit, the buyers fee and to sign the sales memorandum.

What should be taken into the auction room?

The items required are as follows:

1. Deposit cheque or banker's draft for any potential purchase
2. Identification – this is legally required under the money laundering regulations. Therefore a driving licence or passport is required and a current utility bill to show proof of residence.
3. Details of solicitors acting on behalf of any potential purchaser

What happens if a prospective purchaser is unable to attend the auction?

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

- By telephone – the interested party will be telephoned as the lot is being auctioned
- By proxy in writing – a member of the auction team will represent the buyer, who has previously specified their maximum bid

In each case a registration form and cheque, to cover the deposit and buyer's fee, are required prior to the auction. A bidder's registration form is printed in the catalogue or alternatively can be obtained from the office or from brendons.co.uk.

Will the property be insured once purchased?

No - the purchaser at auction is responsible for obtaining building insurance cover from the moment the property is deemed sold to them at auction. Brendons Auctioneers will provide insurance cover options at the auction.