



# the auction guide

— FOR BUYERS —

THE  
AUCTION  
GROUP

# why bid at auction?

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At first glance, the prospect of bidding at auction can seem daunting. For many buyers, it immediately brings to mind the prospect of a fast paced, high-pressure scenario where the auctioneer quickly pushes the price sky high.

The reality is quite different. Far from being an uncontrolled environment where you may end up paying in excess of your original budget, auction is a fair and transparent forum of exchange for both buyer and seller. While the atmosphere can sometimes be charged with excitement, there is no obligation for a prospective buyer to make a bid at any time unless they choose to do so.

The benefits for both parties are derived from the contract of sale being immediately unconditional at the successful conclusion of the auction. The successful purchaser accepts they have waived the cooling off provision and the purchase is not subject to further terms i.e. finance approval or buyer inspection clauses. It effectively makes any bid on the property an unconditional offer.

The key benefit for the seller in this arrangement is that there is virtually no chance of the contract not proceeding – it's a guaranteed sale. Just like the old adage of preferring a bird in the hand rather than one in the bush, many sellers would prefer to accept a fair price on auction day than delay the sale waiting for a conditional offer later that may or may not be more.

For prospective purchasers, not every buyer is in a position to make an offer that is unconditional, meaning there may be less competition on auction day. The danger of failing to bid at the auction is that the playing field is no longer level after the auction. Post auction negotiations can become challenging – if multiple offers are presented post auction you can't see your competitors offer and may miss the opportunity to negotiate based on your price and the terms of your offer.

**The best way to bid at auction is to come armed with as much information as you can and have a clear bidding strategy.**

# frequently asked questions

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## **Can we make an offer on a property prior to auction?**

Yes. In practice many sellers, not all, consider offers prior to auction however, the acceptance of offers prior to auction is a decision made entirely by the seller. For the best chance to have your offer accepted prior to auction, ensure you have undertaken all research to enable you to make an offer with the same conditions offered at the auction.

## **If we make an offer prior to auction and it is not accepted, should we still register to bid?**

Definitely. There can be many reasons why an offer is not accepted prior to auction. It may be that the seller's/ agent's price expectation sits above the offers presented or perhaps the offers are under-estimating the value of the property. Regardless, after the seller has had the opportunity to experience the full marketing campaign and understand the interest in the property on auction day, both parties will often come to a mutual agreement.

## **Do I have to attend the auction to bid?**

No, you can organise for someone to bid on your behalf. Any person bidding on behalf of another person must provide the auctioneer with a copy of their written authority before the auction, otherwise the bidder will be taken to be acting in their own right. Acceptable written authorities are:

- Power of Attorney – Outlining their authority with the supporting documentation
- Bidding Authority – Letter of Authority to bid for and on behalf of another person
- Telephone Bidding Authority - Letter of Authority from prospective buyer to convey telephone bids at auction

## **What is a Reserve Price?**

The reserve price is the minimum sale price the seller will accept. The seller sets the reserve price in writing with their agent/auctioneer before the auction.

Once the reserve price is reached, the property is announced 'on the market'. Once a property is announced 'on the market', it means the auction must result in a sale. The winning bidder must purchase the property, and the seller must sell.

## **What is a vendor bid?**

Auctioneers can accept or place 'vendor' (seller) bid/s only up to the reserve price. Before the bidding reaches the reserve price, the auctioneer can:

- Bid on behalf of the seller
- Accept bids from the seller (or their representative)

The auctioneer must announce if a bid is a vendor bid.

## **How many times can an auctioneer place a vendor bid?**

In Queensland, auctioneers can place / accept unlimited vendor bids only up to the reserve price. In New South Wales only one vendor bid is permitted.

## **If the property is passed in at auction and I am the highest bidder, do I have the first right to negotiate with the owner?**

In Queensland the highest bidder does not have the first right to negotiate with the owner. When a property passes in at auction all interested parties including conditional buyers have an equal opportunity to submit offers. In New South Wales, the highest bidder gets the first right to negotiate with the seller.

# glossary of auction terms

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## **'As Is'**

Selling the property without warranties to the condition and/or the neatness of the property. Buyers are solely responsible for examining and assessing the property for their own protection. Otherwise known as 'as is, where is' and 'in its present condition.'

## **Auction**

A public sale of property in which prospective purchasers bid until the highest price is reached. Marketing without a price, the auction is supported by marketing directing buyers to the auction where they bid against each other to successfully purchase the property with an unconditional contract.

## **Auctioneer**

A person holding an auctioneer's license and conducting the auction.

## **Bank valuation**

A bank's written estimation of a property's value.

## **Bid**

A verbal offer presented at the auction.

## **CMA**

Current or Comparative Market Analysis (CMA), is a written price comparison of a property with others that are for sale or were recently sold.

## **Conditional Contract**

Any contract that includes conditions that must be satisfied before the parties become bound by the terms of the agreement.

## **Cooling Off Period**

A short statutory period after the contract is made, during which the purchaser may cancel the contract. Does not apply with auctions.

## **'On the Market'**

When the bidding has reached the sellers reserve price the auctioneer may announce the property as 'on the market' to indicate that it is going to be sold.

## **Passed In**

If a property is not sold at auction, it is passed in.

## **Reserve Price**

The reserve price is the minimum price the seller will accept for their property at the auction. This is kept confidential between the seller, listing agent and auctioneer.

## **Settlement date**

The date on which a property sale is finalised. The purchaser pays the seller and gains possession of the property at this time.

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**M** 0413 123 356 | **E** [admin@theauctiongroup.com.au](mailto:admin@theauctiongroup.com.au) | **W** [theauctiongroup.com.au](http://theauctiongroup.com.au)

# BIDDING REGISTRATION

## BIDDER NUMBER - 01

The Property Occupations Act 2014 requires the Auctioneer to only accept bids from registered bidders. To be a registered bidder you must provide the bidder's name and address, and produce satisfactory evidence of the bidder's identity.

If you have an interest in bidding at the auction for a property or properties, please complete your name and address below and provide the auctioneer with satisfactory identification. *(Full name(s) that will appear in the contract if successful)*

Full Name(s) \_\_\_\_\_

Address \_\_\_\_\_

Identification \_\_\_\_\_ Mobile \_\_\_\_\_

Signature(s) \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

The Auctioneer will not disclose the identity of any bidder to anyone other than:

- i. an inspector or the court; and
- ii. the seller if it is necessary for negotiations with the bidder after the property has been passed in or for facilitating the sale of the property

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## CONDITIONS OF SALE BY PUBLIC AUCTION (QLD)

1. The highest approved bidder will be the buyer subject to: the reserve price; and, the seller's approval
2. Finance, buyer inspection and cooling off provisions do not apply
3. The seller may bid, either personally or by a representative
4. The bidder warrants their ability to enter and complete the contract of sale in accordance with its terms
5. Any person bidding on behalf of another person must provide the Auctioneer with a copy of their written authority before the auction; otherwise the bidder will be taken to be acting on their own behalf
6. The Auctioneer has the discretion to refuse to accept any bid from any person. A bid will be taken to be accepted and irrevocable unless the Auctioneer, immediately after it is made, refuses it
7. The decision of the Auctioneer is final in all matters relating to the auction and no bidder has any right of recourse against the Auctioneer or seller
8. Without affecting condition 6, if there is any dispute over a bid, the Auctioneer may: — re-open bidding and resubmit the property for sale starting with the highest bid previously accepted; or — determine the dispute in any other way the Auctioneer considers appropriate in his/her absolute discretion
9. Immediately on the fall of the hammer, the bidder of the highest bid accepted must sign, as buyer, the Contract of Sale in the form displayed or circulated with these conditions of sale and pay the deposit to the nominated stakeholder
10. The deposit payable under the Contract of Sale is 10% of the successful bid or any other percentage or figure nominated in the Contract of Sale
11. The seller and the buyer agree to sign all documents and do everything else necessary to transfer the property to the buyer. The seller and the buyer each appoint the Auctioneer agent to sign the Contract of Sale on their behalf. The appointment is non-revocable
12. If the buyer does not pay the deposit, at the seller's option: — the result of the auction will be treated as invalid and the property may be resubmitted to public auction at the risk and expense of that buyer; or — the seller may affirm the Contract of Sale and pursue their legal and other remedies against the buyer as they see fit
13. All bidders must be registered. The Auctioneer may register a person as a Bidder only if the person has provided their name, address and satisfactory evidence of identity. Bidders must use their numbered identifier whilst bidding

Special conditions (if any) are inserted here.

Seller \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

## **BIDDING AUTHORITY TO BID ON BEHALF OF ANOTHER PERSON**

Date \_\_\_ / \_\_\_ / \_\_\_\_\_

Property address \_\_\_\_\_  
\_\_\_\_\_

Date of auction \_\_\_/\_\_\_/\_\_\_\_\_

I/we whose details are set out below authorise the agent/ person whose details are set out below, to communicate bids on my/our behalf during the course of the auction for the above property.

I/we acknowledge that I/we understand the conditions of sale by auction, and that \_\_\_\_\_% of the purchase price is payable on the fall of the hammer as deposit, with the settlement to occur in \_\_\_\_\_ days.

Yours sincerely,

Signed *(by all people who appear on the contract)*

Name \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_ Signature \_\_\_\_\_

### **DETAILS OF PURCHASER(S)**

Full Name(s) \_\_\_\_\_  
\_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Identification Details \_\_\_\_\_

Solicitor \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Agent/ Person Undertaking the bidding \_\_\_\_\_

Identification Details \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_



**BIDDING AUTHORITY TO BID ON BEHALF OF ANOTHER  
PERSON OVER THE TELEPHONE.**

Date \_\_\_ / \_\_\_ / \_\_\_\_\_

Property address \_\_\_\_\_  
\_\_\_\_\_

Date of auction \_\_\_/\_\_\_/\_\_\_\_\_

I/we whose details are set out below authorise the agent/ person whose details are set out below,  
to communicate bids on my/our behalf during the course of the auction for the above property.

I/we acknowledge that I/we understand the conditions of sale by auction, and that \_\_\_\_\_% of the  
purchase price is payable on the fall of the hammer as deposit, with the settlement to occur in \_\_\_\_\_ days.

Yours sincerely,

Signed *(by all people who will appear on the contract if successful)*

Name \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_ Signature \_\_\_\_\_

**DETAILS OF PURCHASER(S)**

Full Name(s) \_\_\_\_\_  
\_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Identification Details \_\_\_\_\_

Solicitor \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Name of Bidder \_\_\_\_\_

Identification \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_