

step by step guide to
buying and selling
at auction

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**helpful
tips and
advice**

It's often thought that buying or selling property by auction is complicated and risky and should only be attempted by experienced property investors, developers or builders. However, auctions are now a popular way for many people to move home, find a DIY project or a buy-to-let investment.

Here at Sequence we are one of the largest residential property auctioneers in the UK. Whether you're a novice or a seasoned professional we can provide advice and information on all aspects of buying and selling at auction.

There are a number of steps to take and we've included them in this guide. If you

have any questions you can call any of our auction centres listed at the back of this booklet and they will be happy to help.

Buying and selling at auction is basically a step by step process and if you do visit an auction you'll discover, like many thousands of people, just how easy it really is. Here are the main areas you will need to think about.

getting ready to sell

3-4

The first stage is to find out what your home is worth. You'll also need to appoint a solicitor.

preparing to buy

5-6

Finding the property that's right for you and then preparing for the auction.

the auction day

7-8

What to do during the most exciting part of buying or selling at auction.

you've done it!

9

When the hammer falls, the contract is binding and the property is sold.

jargon buster

10

A handy list of terms and phrases.

getting ready to sell

There are many advantages to selling your home at an auction. It's quick and if successful the whole process can take as little as six weeks, there's no chain and when the hammer falls, your property is sold.

Selling at auction also widens the potential market, not only will there be buyers who want to make it their home, there'll also be investors, developers and property dealers interested in buying.

In many cases an auction could prove to be the best method for selling your property and not just a last resort.

finding out what your property is worth

Once you've decided to sell, you will need a full auction appraisal to find out what price you can expect to achieve, the likely timescales and costs involved.

You should choose your auctioneer carefully as this can make all the difference as to whether you achieve the best price. It may be tempting to go with the auctioneer who quotes you the highest guide price, but if your property doesn't sell then you could be left with the auctioneer's and solicitor's costs and a home that you still need to sell. It can also be tempting to use the auctioneer that quotes the lowest fee, but are they really going to market your property to its full potential and generate as much interest as possible before the auction? Just one extra bid on the day could more than cover a slightly higher fee.

entering a property for auction

You will need to register your property at least six weeks before the auction to ensure that it is included in the catalogue and also allowing the auctioneer plenty of time to market it. A good auctioneer will market your home online, in the local or national press and distribute the catalogue to potential buyers and investors - all the time, keeping you fully updated on the response.



You'll also need to appoint a solicitor who will help in preparing the contract of sale and supporting legal paperwork. Again, a good auctioneer will liaise with your solicitor fully, ensuring everything is in place for the auction sale.

marketing your home

Once the marketing of your property begins, the auctioneer may receive offers on it before the auction. If your property is sold before the auction, then it will be withdrawn upon exchange of contracts.

the reserve price

A lot of people are put off from selling at auction because they're worried they will lose money if bids are very low. Don't worry, you should talk to your auctioneer about setting a reserve price which is the minimum price you want your home to be sold for. This is normally set in principle when you instruct the auctioneer. It safeguards you from setting a reserve that is too low or too high. It's confidential and will not be disclosed to anyone.

how we can help?

We can provide you with a free, no obligation auction appraisal of your property. It will advise you on a recommended reserve and give you an idea of the price you could achieve at auction. We can also market your property locally or nationally using our network of estate agents.

preparing to buy

People buy at auction for lots of reasons, they might want to move quickly or they could be looking for a repossessed property, a plot of land to build on or quite simply they want a quick purchase without the risk of gazumping.

They may also want something a bit unusual, the type of property not usually sold traditionally through an estate agent. Buy-to-let investors also buy properties at auctions, as they have a full range of investment opportunities to choose from and they can purchase quickly. It doesn't matter what your reason for buying at auction is, the key to success is preparation.

finding the right property

Before you go along to an auction to buy a property there's a lot of groundwork that needs to be done first. A good place to start is by making a list of your 'must-haves'. It could be a particular location, detached or semi-detached, number of bedrooms, price range, space for parking, etc. Once you have an idea of what type of property you want to buy, then you're ready to start your search.

where to look

There are lots of places you can start looking, the Internet, property supplements, regional and local papers and by contacting auction centres. The auction centre can add you to their mailing list and you will be sent a copy of the auction catalogue which lists all of the properties for sale. You'll be one of the first to see it and it will give you plenty of time to complete your enquiries before the auction.



before the auction

- > as with any property you want to buy, arrange a viewing of the property
- > make sure that you've arranged a survey
 - you'll definitely need this if you are financing the purchase with a mortgage. If you are paying in cash you'll want to make sure the property is structurally sound
- > if you are financing the purchase with a mortgage, then you should have a formal offer in place before attending the auction
- > you'll need a deposit which is typically 10% of the purchase price - this is payable at the auction once you've bought the property some deposits may vary, so be sure to check the special conditions of sale prior to bidding
- > have a look at a copy of the legal documents from your auctioneer - these are usually available online
- > consult a solicitor about the purchase to avoid any legal pitfalls
- > make sure you have a copy of the auction catalogue, as this forms part of the legal contract between you and the seller

Some of these preparations will incur costs, but it's much better to make sure everything has been checked in advance for your own peace of mind. The auction centre will be able to advise you about what these costs are likely to be.

offers prior to auction

You can submit an offer on a property before the auction which, if suitable, would be sent on to the seller. If this is accepted then your purchase will go ahead and when contracts are exchanged the property will be withdrawn from the auction.

how we can help?

You can contact any of our regional auction centres for a catalogue showing the latest properties for sale in that region, or alternatively contact our national auction centre, Barnard Marcus with properties for sale throughout the UK. Contact details for your nearest auction centre can be found at the back of this guide.

the auction day

This is by far the most exciting part of buying or selling a property at auction - but make sure you're prepared on the day. If you're buying, contact the auction centre beforehand to make sure that the property you want is still available.

what do I need to bring?

Buyers will need two forms of identification, (for example, a current passport and a utility bill), a copy of the auction catalogue, solicitor's details and a deposit - if you are successful then you will need to pay this when contracts are exchanged, which happens on the fall of the hammer.

It's also a good idea to arrange for your buildings insurance policy to commence as soon as the hammer falls. For some leasehold properties this might not be necessary but your solicitor will advise you on this.

your deposit

This is payable upon exchange of contracts. Preferably by debit card, cheques will incur an extra fee. At some auctions there may also be a contract documentation fee payable.

bidding

Before bidding begins, the auctioneer will check that everybody has a copy of the 'Addendum or Announcement' sheet and will read out any last minute alterations to the catalogue details.

When the property you are interested in comes up, make sure you know the maximum price you can afford to pay - it's easy to get carried away!

Once bidding begins, potential buyers will be asked to make their bids clearly either by raising their hand or a copy of the bidder's card. And don't worry... you can't accidentally buy a property just by scratching your head!



Once a final bid has been put forward, the auctioneer will signal that it is about to be accepted by using the phrase 'going, going, gone' and bang the hammer to close the sale. If a property fails to reach the reserve price it will be withdrawn from the auction and the auctioneer will invite anyone still interested to talk afterwards. Sales can still be made afterwards if a price is agreed with the seller.

what if I can't attend?

If you can't attend on the day, then you can arrange for someone to submit bids on your behalf. They will need your written consent and need to bring along their own identity and address verification together with certified copies of your identity and address verification (for example, a current passport and a utility bill). You should also agree strict limits before any bids are submitted. If you would like someone from the auctions centre to do this, then contact them at least two days before the auction, to arrange completing and submitting the proxy forms. If you are not attending, we will require your ID and address verification. These must be certified by a professional person (such as a solicitor) if you are unable to meet a member of our staff in person before the auction. The certification must confirm the ID document is a true likeness of you and also a true copy of the original document.

tip

On arrival, check to see if there have been any late changes to the lots, just ask for a copy of the 'Addendum and Announcement' sheet.

You can submit telephone bids to a member of the auction team who'll be in the auction room and bid for you via telephone link. The documents can be found in the auction catalogue. These documents must be submitted and acknowledged along with certified copies of your I.D at least 48 hours prior to auction day.

Remember that if you can attend the sale yourself, then this is by far the best way to bid and you won't miss out on the exciting atmosphere in the room.

how we can help?

We can give you help and advice on what you should do on the auction day. A member of our staff is always at hand to help you when you arrive.

you've done it!

Once the hammer falls, then contracts are legally exchanged. The contract will need to be signed and the deposit handed over immediately. The auctioneer is legally entitled to sign the contracts on behalf of the buyer and seller if necessary.

The completion of the sale usually takes about 28 days, however for some properties this can happen sooner - this will be stated in either the general or special conditions of sale in the auction catalogue or as a special condition of sale in the legal documents. The balance of the sale price will be payable upon completion and a solicitor will normally deal with this part of the sale.



jargon buster

When you're attending an auction for the first time, it can feel like you need to learn a whole new language. But, by brushing up on a few key terms, you'll fully understand what is happening both before and on the day.

- > **'bid'** - the amount that someone (the bidder) offers to pay for a property at auction. The auctioneer often controls the amount by which bids increase although bidders can suggest a different amount if they wish.
- > **'completion'** - when the full amount has been paid and the transfer signed.
- > **'entering a property'** - the term used for putting a property up for sale at auction.
- > **'exchange of contracts'** - the fall of the auctioneer's hammer or gavel means that contracts have been exchanged.
- > **'gavel'** - the hammer the auctioneer uses to close the bidding on a lot.
- > **'general/special condition of sale'** - these are legal papers that are attached to and form part of the condition of sale. There are different special conditions of sale for each and every lot.
- > **'guide price'** - provides an indication of the level at which the reserve may be set, but the guide price should not be relied upon as a valuation or assessment of value. The eventual sale price can be above or below the guide price.
- > **'joint auctioneer'** - generally a local estate agent who will show people around the property and provide local knowledge.
- > **'legal pack'** - is the set of legal papers that a buyer should review in order to make an informed decision, whether to purchase or not. The vendor's solicitor prepares the legal pack which generally contains copies of the Title Deeds, Special Conditions of Sale, Land Registry Search, Leases (if applicable) and other pertinent documents. These are normally available to download prior to the auction and a hard copy is usually available to inspect in the auction room.
- > **'lot'** - when a property is entered for auction it is referred to as a lot and given a lot number.
- > **'reserve price'** - this is a confidential figure set by the seller. The seller will not sell below this price however bidding will often start below the reserve price.
- > **'withdrawn'** - this is when a property is sold before the auction, it has been taken off the market or it fails to reach its reserve price.



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