

BUYING OR SELLING PROPERTY AT AUCTION

SELLING AT AUCTION

If you wish to sell a property at auction it is essential that you consult a Conveyancing Solicitor experienced in such sales at the outset to ensure that you receive the best possible advice and have the best possible chance of affecting a successful sale. Bear in mind that sale by auction is in itself a specialist area within Conveyancing and many conveyancers actually deal with such transactions very rarely. If the date of the auction is known your Solicitor needs to act quickly in advising you on the necessary auction terms, preparing copies of the title documents and commissioning any searches that are necessary.

Important Points for you as Seller

- On the fall of the gavel – the auctioneers hammer – a contract is established binding each party to proceed with the sale at the offered price.
- The terms of the sale are based on the Common Auction Conditions which differ from the Law Society Conditions used by most conveyancers.
- We can advise you on variations of those Conditions and the inclusion of additional conditions to suit you.
- You can set a Reserve Price below which the property cannot be sold. The amount of the reserve need not be disclosed but the contract must state that there is a reserve otherwise the property must be sold to the highest bidder.
- If there is a reserve price you may also reserve the right to bid but this must be provided for by special condition in the contract.
- The terms of the contract should make it clear whether your Auctioneer has the right to refuse a bid; or fix the amounts of bids; and should contain provisions whereby the auctioneer may settle any dispute which arises over the bidding
- It is usual for the contract to provide that the successful bidder pays a deposit of 10% of the purchase price to the Auctioneer at the conclusion of the auction.
- If you are selling a property that could be sold in separate parcels such as farmland you can include in the contract an express right enabling the auctioneer to divide the property into lots.
- You will need to have a Home Information Pack (HIP) available in good time for the Auction. We can arrange this for you if you have not already commissioned one.
- A Basic HIP must contain certain minimum documentation to meet the Government regulations. These include an Energy Performance Certificate, land registry official copies of your title, a copy of and Lease, Local Authority Search and Drainage and Water Search. However we recommend that any Seller at Auction such also provide additional documents to make the HIP “Exchange Ready”. Our recommendation is that you provide all available information that any discerning Buyer might require to remove the possibility of the sale failing on the day due to a lack of information that could have been provided. Examples of additional information and documentation that could be added are a Sellers Property Information Form, Fixtures Fittings and Contents Form, Building Guarantee, Services Guarantees, additional Leasehold Information, other searches if appropriate to the property or area such as mining.
- We can provide the HIP quickly in both hard copy and electronic form so that your auctioneer can provide copies to interested buyers easily and at short notice. This is particularly useful if a possible investor is out of the immediate area.
- We can attend the auction to deal with any last minute questions/issues raised by interested Buyers.
- We can advise you on the completion date to be included in the auction contract and will deal with completion of the sale to the successful Buyer.

BUYING AT AUCTION

If you are considering purchasing a property at auction you must consult an experienced Solicitor at the earliest opportunity. If you bid successfully at an auction the fall of the auctioneers gravel will commit you to purchasing the property. It is therefore that your Solicitor carries out the usual pre-contract checks prior to auction.

Important Points for you as Buyer

- We will give due consideration of auction terms, the title to property and result of Searches for you. If the Sellers documentation is lacking in that respect then time permitting we can raise any issues that arise and we may also be able to obtain missing documents and obtain further searches for you.
- You should have the property surveyed prior to auction – once the price has been accepted by the auctioneer it is binding on you and the Seller will be able to refuse any subsequent request by you for a price reduction.
- You should have your finance in place prior to auction – we can sometimes assist Buyers who require short term bridging loan facilities.
- You should be ready to pay the required deposit to the auctioneer immediately after the auction of the property you agree to buy – this is usually 10% of the price and the auction terms will specify the required method of payment.
- You should be ready to insure the property from the day of the auction as the risk will often pass to the successful bidder on the fall of the gavel.
- We can advise you whether VAT is payable on the purchase price having regard to the terms of the contract.
- If you wish we can attend the auction with you to advise on any last minute questions or issues.
- Be aware that once you have made a bid at auction you will most likely be unable to retract it.
- We can advise you on any right to rescind that is included in the contract.
- If you are a successful bidder we can deal with the completion of the purchase for you including preparation of the deed transferring the property to you and final searches to ensure that all mortgages affecting the property are repaid.

WE ARE ALREADY EXPERIENCED ON ALL THESE ASPECTS OF PROPERTY AUCTIONS

CHOOSE A QUALITY SERVICE FROM A QUALITY FIRM OF SOLICITORS

RUSSELL & RUSSELL

01204 375375