

## Skyline Real Estate Newsletter

### ***Legal considerations for Auctions***

There are many legal considerations to take into account when you buy or sell property at auction.

#### **For the vendor**

For the vendor an auction can achieve a clean, unconditional sale. At the fall of the hammer the successful bidder must complete the purchase according to the auction terms.

In most cases, standard auction terms will be unconditional giving purchasers no rights to make requisitions or objections to any aspects of title to the property. The purchasers will be required to immediately pay usually a non-refundable 10 percent deposit. Furthermore, the purchasers will be obliged to complete settlement on a specified date.

#### **For the buyer**

Given that the purchase will be unconditional on the fall of the hammer, purchasers need to complete all of their homework and investigations on the property before the auction date.

To do it right, purchasers should at least arrange finance, consider building inspections, and have their solicitor review title documents, before making any bids.



As a potential buyer, you will also need to register your name and other forms of identification with the selling agent prior to the auction.

The agent will require your name, address and the number of your proof of identity, such as a passport or drivers license.

If you are bidding to buy the property jointly with another person, only one of you will be required to register at the auction.

Alternatively, if you are bidding on behalf of another person or a company, you will be required to show the agent a letter of authority from the person/company you are bidding on behalf of. This letter of authority must include the person's name, address and the number of their proof of identity. For a company however, the letter of authority must be on company letterhead and the ABN number to be recorded in the Bidders Record.

### **Auction Glossary**

**Particulars and Conditions of Sale:** *This is the document that describes the property for sale, outlines how the auction will be conducted, and includes the terms of the contract.*

**Reserve Price:** *The vendor may fix a reserve price. Once the reserve price is reached the highest bidder will claim the property.*

**Highest Bid:** *The buyer that makes the highest bid (once the reserve price is reached) and the auctioneer accepts it, has then entered into a legal agreement to buy the property.*

**Passed in:** *If the reserve price is not reached at the auction, then the property is passed in. The highest bidder usually has the option to purchase immediately at the reserve price, otherwise the property is offered for sale to all other interested parties. At this stage potential buyers have the chance to negotiate the price.*

## Be Smart When Choosing an Agent

Selling a property can be an anxious time, and it's important to have complete trust in the person who is doing the work for you, however with so many agents to choose from, how do you pick the right one?

The following are some tips on choosing the right real estate agent and working with them to sell your property:

- 1. Check the agent's selling history and credentials:** Ask prospective agents what houses and properties they have sold recently. A busy agent is usually a good agent. Ensure your agent is familiar with their local area. At Skyline Real Estate our agents are experts in the field.
- 2. Make sure you 'click' with the real estate agent:** A real estate agent with a great selling record may be your first requirement, but you should also select someone whom you feel comfortable with and trust.
- 3. Ensure the agent has the right marketing strategy:** How an agent markets your home will impact on both the price achieved and the time your property takes to sell. Look for an agent that has the right tools to maximise your home's exposure in the first four-six weeks of the marketing campaign - generally acknowledged as the key selling period.
- 4. Tell the agent what they need to know:** Remember your agent cannot read your mind. You need to tell him or her how much notice you need to arrange an open home inspection.
- 5. Work with your agent:** Your real estate agent is a salesperson who understands the real estate market and wants you to get the best price possible for your home in the shortest time. Keep this in mind and try to make your agent's job easier by following his or her suggestions. Be flexible – that last-minute late night showing of your home may have been the only one your agent could arrange - and could just lead to an offer!

When it comes to selling never underestimate the benefits of a strong client-agent relationship; it can play a significant part in the outcome of the sale.

## Listen to the Market

When the time comes to price your home for sale, you may be tempted to start with the price you paid for it, add in a healthy mark up and leave it at that. Unfortunately this will not give you an accurate selling price. Listening to the market however, will give you a figure which reflects the true value of your home.

The best starting point is to look at other properties on the market in your area. Some of these may have been on the market for some time, and although this may be due to a number of factors – presentation, promotion etc. – it is probable that the price was just too high. Houses with a realistic price generally sell within a reasonable timeframe, while overpriced properties may languish on the market for weeks, even months, undergoing several price reductions before finally selling.

It is important to do your research before you decide on the price for your home. The internet, newspaper ads and open homes are all great sources of information. Vendors who truly want to sell their home will work with their Skyline Real Estate salesperson to set a price based on market expectations.

The accuracy of your pricing strategy can be determined by listening to buyers' comments. If they feel the house is over priced your agent may recommend a price reduction, bringing the price into line with the market at the time.

