

How to BUY REAL ESTATE at **AUCTION²** (cheat-sheet)

Buyers get these 10 tips before you bid.

Do not let the bidding process scare anyone. Just ask the Auctioneer how to make the offer.

1. Purpose

To provide an overview of the subject property. Auctioneers want all bidders to be informed. Consequently, Auctioneers feel that an informed buyer is a good buyer. The Auctioneer does not want any mishaps so general information is provided for the bidder's convenience.

2. Inspections

Purchasers may conduct inspections prior to auction date. Schedule your inspection with your contractor or certified home inspector. Doing this in advance will keep the fear of bidding out of mind. Being prepared is the best choice a bidder can make, prior to making any offer. Remember properties sell as is.

3. Expectations

Purchasers are to inspect the property at their own expense. Escrow deposits in addition to closing costs, buyer's premium shall be the purchaser's responsibility. This transaction may be non-contingent on financing; however, the seller may accept an offer with financing provisions. Placing an offer in advance of the Auction date would be a great option. Close the transaction is normally within 30 days of auction, however, make sure the amount of time to close is noted in your offer prior to the auction date.

4. Representation

Auctioneer and Brokers represent the seller in most cases. The Supreme Court has ruled that when selling real property at Auction the Auctioneer will represent the seller. You may hire a real estate professional to represent you, advise and assist you in your luxury home auction purchase. Ask for the disclosures, most times the information is in the announcements or provided to your agent in the documents within the MLS System.

5. Buyer's Premium

A Buyer's Premium will be paid by the buyer in addition to the highest bid. This is also in the disclosures in advance of the Auctioneer calling for the offers. Sample calculations prior to bidding may help you understand the final price you will pay the day of the auction. Luxury home and Estate Property require extensive marketing. In exchange for ensuring qualified buyers know about the property Auctioneers may send you marketing alerts. The Buyer's Premium maybe an offset cost to make this happen. If you want to spend 1,000,000 on a home purchase, simply bid 900,000. The Auctioneer will assess 10% percent, that brings the total to 990,000 that a purchaser would be responsible for. Well now looks like you may say 10 grand or so in this scenario. Use the bidding calculations wisely, submit bids with your own judgement.

6. Terms and Conditions

Auctioneers will announce final terms prior to start of auction. Make sure you read the terms and conditions completely. There will be important information in the details and small print. In many cases the Auctioneer will make oral announcements. Circumstance can change, so listen close and pay attention. Once you bid you have an agreement under those terms.

7. Purchase and Sale Agreement

Purchase and Seller shall sign an agreement the day of auction. The purchase and sale agreements are available in advance in most cases. If you cannot find this document, ask the Auctioneer for a copy. Ensure your legal advisor reviews the documents prior to Auction Day. As stated in the section above, Auctioneers will not represent you. Auctioneers do not give legal advice.

8. Independent Reports Obtained

Examination of the premises may be obtained by the purchaser at purchaser expense. It is highly suggested that any perspective purchaser gets their inspections and reports prior to bidding. This could mean a home inspection, flood zone reports, environmental hazard reports or other inspections that you wish to obtain. In most cases there will be no grace period after the auction and bids are accepted.

9. Intended Use of this Document

Informational purposes only. Purchasers should not rely solely on the information present in this or other documents. Claims against the Auctioneer or Broker will not be applicable. It is the purchaser's responsibility to understand the legal requirements in advance. The Auctioneer may accept your bid and in doing so a unilateral agreement is created between buyer and seller based on the buyer's representation that they have made the offer subject to terms presented.

10. Questions for the Auctioneer

You have heard it said there is never a silly question. True with Auctioneers as well, however under disclosure laws and confidentiality agreements there may be some things that cannot be discussed. With that said, ask questions that are on your mind. The Auctioneer will in most cases insure you re pointed in the right direction.

11. Bonus Tips:

Buying at auction forms under two types of preset conditions. Buying property at Absolute Auction or Buying a luxury home or other property with reserve. The Auctioneer will announce the right of the seller to accept or reject offers. It is important that you understand how the property is being offered. Absolute Auctions may be advertised; however, buyers must be able to qualify not only to make the purchase, but also buyers may be required to perform specific actions during the sale. The sale in question is selling subject to confirmation and is conditional based on the offers that are made from perspective buyers. The seller has initiated the liberty of bidding understanding that Buyers may make early bids in writing, via online bidding or in person. The seller reserves the right to adjust accordingly.

12. SUPER BONUS:

Terms and Conditions on Auction Day. Terms announced the day of the auction that precedes the sale will be the governing conditions. The Auctioneer reserves all rights to change, alter, remake, adjust, add, delete or modify terms up to and until the bidding starts. Additionally, seller and Auctioneer reserve the right to modify qualifying conditions, allow participants to qualify or disallow participants to qualify to bid based on financial. Seller, Broker and Auctioneer shall maintain equality and shall adhere to the standards of the fair Housing Act and Shall not discriminate based on race, color, religion, national origin, Sex (including gender identity and sexual orientation), familiar status or disability.



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