



BUYER'S GUIDE

This guide has been published by Phillip Arnold Auctions to give a brief guide to prospective buyers and sellers as to how the auction process works. This method of sale is becoming increasingly more popular and auctions now account for a significant number of all property sales. It is generally a faster process than the normal private treaty method of sale. If a property is sold by auction, that literally means that IT IS SOLD.

Phillip Arnold Auctions' auction team is always available to answer questions that may not be covered in this guide. We can be reached at our offices by emailing info@philliparnoldauctions.co.uk or calling **020 8799 3880**

What is auction?

The process is very similar to the normal method of private treaty. However, for an auction sale the seller and their solicitor carry out all the necessary paperwork and legal investigations prior to the auction. Subject to the property receiving an acceptable bid, the property will be 'sold' on auction day with a legally binding exchange of contracts and a fixed completion date.

BUYING AT AUCTION

How and why do I buy at auction?

Buying at auction is an assured way of securing a purchase. Once a bid is accepted, contracts will be exchanged on the day of the sale. The seller cannot withdraw from the sale, nor is it possible for any kind of gazumping to take place. Due to Phillip Arnold Auctions' auctions being conducted in public, there can be no secret bidding or unfair competition and once the gavel comes down, the successful bidder is legally committed to both pay the agreed price and complete the purchase.

Another attraction of buying at auction, is that properties are usually offered at a realistic guide price, particularly when in need of repair, refurbishment or being sold by a financial organisation to recover debts. The seller will provide a legal pack that may can be downloaded from our website once available. Phillip Arnold Auctions strongly advise that professional advice is obtained from a legal representative. Should a mortgage be required, it is advisable to have this in place prior to the sale. Again, Phillip Arnold Auctions strongly advise that funding is discussed with a professional advisor prior to attending the sale.

The successful buyer will be required to pay 10% of the purchase price on the day, together with a buyer's premium which is normally £600 inclusive of VAT. The balance of the purchase price is required on the agreed completion day and this is normally 28 days after the auction.

What happens next?

You can download our auction catalogue from our website www.philliparnoldauctions.co.uk and this will give the information about the properties being offered for sale. The catalogue includes descriptions of the available properties, viewing arrangements and a guide price. The guide price is an indication of the seller's current minimum acceptable price at auction.

The Guide Price is given to assist prospective buyers in deciding whether or not to pursue a purchase. It is usual, but not always the case, that a provisional reserve range is agreed between the seller and the Auctioneer at the start of marketing. As the reserve is not fixed at this stage and can be adjusted by the sellers at any time up to the day of auction (in the light of interest shown during the marketing period,) then a guide price is issued.

This guide price can be shown in the form of a minimum and maximum price range within which an acceptable sale price (reserve) would fall, or as a single price figure within 10% of which the minimum acceptable price (reserve) would fall. A guide price is different to a reserve price (see separate definition). Both the guide price and the reserve price can be subject to change up to and including the day of auction.

The Reserve Price is the seller's minimum acceptable price at auction and the figure below which the Auctioneer cannot sell. The reserve price is not disclosed and remains confidential between the seller and the Auctioneer. Both the guide price and the reserve price can be subject to change up to and including the day of the auction. Professional advice must be taken in relation to any lot in which there is an interest.

For lots where viewings are arranged, these are carried out on a block basis and are published in all advertising and in the auction catalogue. Any prospective purchaser is welcome at these viewing sessions and should the scheduled appointments be inconvenient, alternative arrangements can sometimes be made. Any interest must be registered with Phillip Arnold Auctions in order that prospective purchasers may be kept informed as to the progress of the sale.



How do prospective purchasers find out legal and survey information for the properties in which they are interested?

A legal pack is requested from each of the vendor's solicitors and this contains copies of all legal papers, which will be required by any prospective purchasers for them to make an informed decision regarding the purchase of any lot. The pack will generally include office copy entries and plans, the relevant local authority search, leases (if applicable), Special Conditions of Sale, replies to pre-contract enquiries and any other relevant documents.

A copy of these legal packs can be obtained from the Phillip Arnold Auctions website free of charge. Should any additional information be required a member of the auction team will seek the information required and come back to you as soon as possible. All legal packs are available for inspection at each auction – any purchase at auction takes place under the assumption that all documentation and the terms of the contract have been read.

It is strongly recommended that any potential purchasers carry out full investigations for any lot in which they have an interest and a survey is an integral part of that investigation.

How is finance arranged?

Should a mortgage be required, approval in principle must be obtained prior to auction. Lenders are now familiar with the auction process and are usually willing to provide a mortgage offer for buyers intending to purchase at auction. A valuation and survey will be required along with legal evidence that there are no issues that will affect the value. It is essential that the lender can provide funds within the timescale for completion. On the day of the auction, the purchaser will need to pay 10% of the purchase price and must ensure there are cleared funds to pay this amount. Finance can be arranged through Phillip Arnold Auctions on request.

Can lots be bought before auction?

Vendors may consider offers submitted before auction day. Any such offers need to be submitted in writing to Phillip Arnold Auctions – this will be referred to the vendor and their instruction will be passed on to the prospective purchaser. Any offers will have to be unconditional and the buyer must be in a position to exchange contracts and pay the required deposit before auction day. .

What happens on auction day?

Please do check the day before the auction that any required lots are still available. Early arrival at the auction is recommended to ensure the Auctioneer's announcement are noted regarding withdrawn lots and changes in the order of the sale.

The Auctioneer will make pre-auction announcements regarding the conduct at auction. Knowledge of these is strongly recommended. The Auctioneer will start the bidding by invitation and bids can be made by raising either a hand or the catalogue. All bidders in the room will have an equal opportunity to bid and the auction team will be available for support.

Once the desired price is reached, the Auctioneer will announce that the gavel is about to fall and the property will be deemed sold. The successful buyer will be the person with the highest bid at the time the gavel falls. Contracts are then exchanged and the successful purchaser will be invited to the legal desk to pay the 10% deposit, the buyer's fee and to sign the sales memorandum.

What should I take with me to the auction room?

The items required are as follows:

1. Deposit cheque or banker's draft for any potential purchase. We can also accept debit cards with chip and pin.
2. Identification – this is legally required under the money laundering regulations. Therefore a driving licence or passport is required and a current utility bill to show proof of residence.
3. Details of solicitors acting on behalf of any potential purchaser.



What happens if a prospective purchaser is unable to attend the auction?

If prospective purchaser are unable to attend the sale, it is possible to bid in other ways:

- By telephone – the interested party will be telephoned as the lot is being auctioned.
- By proxy in writing – a member of the auction team will represent the buyer, who has previously specified their maximum bid

In each case a registration form and cheque to cover the deposit and buyer's fee, are required prior to the date of the auction. A bidder's registration form is available for download from our website www.philliparnoldauctions.co.uk.

Will the property be insured when I purchase?

No - the purchaser at auction is responsible for obtaining building insurance cover from the moment the property is deemed sold to them at auction.

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