Phillip Arnold Auctions
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www.phillipparnoldauctions.co.uk

BUYING AT AUCTION

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@phillipparnoldauctions.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.

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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 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 Auctioneers strongly advise that funding is discussed with a professional advisor prior to bidding.
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 £750 plus 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 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. Any interest must be registered with Phillip Arnold Auctioneers in order that prospective purchasers may be kept informed as to the progress of the sale.

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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. 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.

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.

Can lots be bought before auction?

Unless specified otherwise, vendors may consider offers submitted before auction day. Any such offers need to be submitted in writing to Phillip Arnold Auctions. The offer 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. It is recommended that you are present at the start of the remote bidding auction to ensure the Auctioneer's announcement are noted regarding withdrawn lots and any addendums.
Pre-registration is the only way to take part in the auction. Please check the Remote Bidding Section for further details. You will need to have completed the remote bidding form and submitted certified ID and the initial deposit and buyer's fee totalling £2,900 in order to take part and you can bid by telephone, proxy or internet, as indicated on the remote bidding form. The Auctioneer will make pre-auction announcements regarding the conduct at auction. The Auctioneer will start the bidding by invitation and increments will be regulated by the Auctioneer. All bidders will have an equal opportunity to bid.

Once the desired price is reached, the Auctioneer will announce that the gavel is about to fall to give fair warning. The successful buyer will be the person with the highest bid at the time the gavel falls. At that point the buyer has entered into a legally binding contract to purchase the property and will need to make a bank transfer for the remaining 10% deposit (less the £2,000 already paid) by close of business on the day of auction.

The bidding registration form is **available for download here.**

Will the property be insured when I purchase?

The purchaser is responsible for obtaining building insurance cover from the moment the property is deemed sold to them at auction.

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