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Fact Sheet: Buying at Auction!

8 Hints for Buying at Auction

Real Estate auctions have become a very popular method of marketing and selling property in Queensland over the last few years. The Auction method can offer substantial benefits and is worth considering for both buyers and sellers.

The procedure is relatively simple

At the nominated and advertised time and place, buyers are invited to submit offers in the form of bids. The seller sets a reserve price, or minimum price that they are willing to accept, and bidders compete to offer the highest price. Having reached or exceeded the reserve, the buyer can then be confident the property's true market value has been established.



If you are considering buying at Auction: Do your homework first...

- If you are interested in a particular property, register your interest with the selling agent so that you can be kept informed in the event the property is to be sold at short notice or prior to the auction.
- **Organise your finance upfront!** The winning bid at an auction is a binding contract and, if you are successful, your finances must be in order before auction day. If you are considering bidding on a property at auction, contact your Mortgage Broker for finance approval first - that way you'll know your borrowing power and can set your limit for the auction. You will need a written loan approval before the day of the auction. This process can take two to three weeks as the lending institution needs to complete valuations and ensure the property is suitable for security.
- Should you need to sell a property before purchasing at auction, discuss this prior to the auction with the selling agent and your Finance Broker. It may be possible to arrange alternative settlement dates or **Bridging Finance**.
- Prior to the auction, check the deposit required (usually 10% of the purchase price). This will need to be provided either in cash or via a bank Guarantee or Deposit Bond. If you do not have cash available (ie if using equity in another property) you need to discuss this with your finance broker to consider the other options.



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- Determine the price that you are willing to pay. Set your price limit for the auction but be prepared to stretch yourself beyond your initial limit if you really want to acquire the property. Ensure you discuss the maximum you would be willing to pay with your finance broker to ensure that any approval obtained is adequate to cover your needs. Remember that the lending institutions will take the lower of the valuation and the purchase price when determining their Loan to Value ratios.
- When the property is “knocked down” to you as the successful buyer, you will be required to sign the contract and pay a deposit. A Personal Cheque or Deposit Bond is usually acceptable, but you should confirm this with the marketing agent.
- If successful, it is recommended that you immediately arrange suitable insurance cover protecting your interest in the property, as the vendor is no longer responsible to insure the property.
- You will also need to nominate a solicitor or registered conveyancer who will act and attend settlement on your behalf.

Buying at Auction can be an exhilarating way to acquire your new home, and has some fantastic outcomes at times. The emotions can run high during the process so it is wise to ensure that you are fully prepared to purchase your next dream home prior to Auction.

Having a Professional Lending Specialist from Loan Wize provide you with a formal loan approval will ensure that you don't miss out on your dream home .



If you would like more Details on Buying at Auction or would like to speak to a Professional Mortgage Specialist about a pre approval for a home loan based on your personal circumstances, please phone Loan Wize for an appointment.