


BUYING AT AUCTION- CHECKLIST

**ARE YOU READY TO BUY?
DO THESE THINGS BEFORE
AUCTION DAY**

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SO, YOU'VE FOUND A PROPERTY YOU LIKE...

It's up for auction and you're feeling a little nervous because up until now, your Auction experience consists entirely of e-bay purchases.

We're here to help! Here's a Checklist of things you'll want to do before Auction Day to give you the best chance of walking away with the house.

10 THINGS YOU CAN DO PRE-AUCTION DAY



ARRANGE A PRE- APPROVAL

There's no point in determining a 'top bid price' for a specific property if a lender won't lend you the funds you need to actually complete the purchase. A Pre-Approval can help set your maximum purchase price and give you confidence to bid at auction.

We suggest arranging finance BEFORE you find a house you like.



DO YOUR RESEARCH

Know the area and what similar properties are selling for. It also helps to have an idea of how much the land (Unimproved Land Value) is worth.

Search the sales history for the particular property and look for old listing photos. These can help you determine whether the current owner has made capital improvements to the property (that they are likely to want reflected in the sale price.)



INSPECT THE PROPERTY

Inspect the property a couple of times so you are sure it's one you want to bid on. This seems like common-sense, but you will be surprised at the features or details you only notice when walking through the property for a second time.

Also, inspecting the home at different times of the day will give you a better idea of which parts of the house get the best light.



REVIEW THE BUILDING AND PEST INSPECTION REPORT

In the ACT, it's mandatory for the seller to provide you with a copy of an independent building and inspection report. Take the time to read it as it may alert you to potential issues with the property.



ATTEND OTHER AUCTIONS

Make sure you understand all the auction rules and regulations in the State you're purchasing in as they can vary.

Talk to agents and attend some local auctions. Attending auctions where there's no pressure to bid, gives you a greater understanding of how the Auctioneer, bidders, agents and the vendor interact with each other on Auction Day.



SEEK LEGAL ADVICE

If you secure a property at auction, you need to sign the Contract of Sale and pay the deposit straight away. If there's anything you want to negotiate (i.e paying 5% deposit instead of 10% or extending the settlement period) both parties need to agree to this BEFORE Auction Day.

You should also have a Conveyancer review the Contract beforehand, so you don't end up agreeing to terms you shouldn't.



SET YOURSELF A LIMIT

Your bidding limit should be based on three things:

- 1) Your estimated value of the property (from your own research; an independent valuation; or property valuation tools - ask us more about this)
- 2) How much do you want the property (ie. are you willing to pay more than the property is worth, just to secure it ?)
- 3) How much will a lender allow you to borrow (i.e. how much is your pre-approved loan amount)?



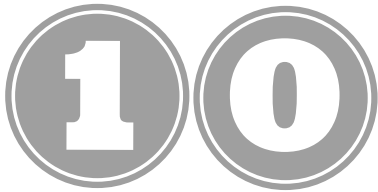
GET YOUR DEPOSIT READY

If you successfully buy the house, you need to pay your deposit on the day. How much you pay depends on whether you've negotiated a 5% or 10% deposit and the purchase price. Since you don't know what the price will be until that hammer falls, many buyers arrange a combination of a bank cheque plus personal cheque/ cash.



LETTER OF AUTHORITY

If you're not confident to do the bidding yourself - or unable to attend the auction personally - you can appoint someone else to bid on your behalf. Speak to the agent if this is something you want to do, as it's something you need to arrange beforehand.



CONSIDER MAKING A PRE-AUCTION OFFER

The vendor (seller) may not accept a pre-auction offer, but it's worth considering.

You need to entice the vendor to accept your firm offer now, rather than them taking a chance by going to auction in two weeks time.

It helps to offer something the vendor wants - like a settlement time frame that fits in exactly with their plans (or an attractive price!).

Something to keep in mind though... if your pre-auction offer is not accepted, you've "shown your cards" to the vendor and agent by revealing how much you're prepared to pay for the property.