

Tips for Buying at Auction

The property you want is up for auction and you are determined to buy it. What can you do to ensure yours is the winning bid?

Attend at least 12 other auctions

It will take at least this many auctions to familiarise yourself with the process, the emotions and atmosphere. It can also help with understanding terminology like 'reserve' and 'vendor' bid, 'on the market' and 'passed in'.

Have your finances pre-approved

If you win you will need to have the deposit ready to pay straight away. Financial pre-approval is also a good idea because it gives you a clear idea of your borrowing power and helps you set your bidding limit. As your mortgage adviser, we can step you through this process.

Make a limit that reflects the property's market value

Pre-determine the maximum 'walk away' price you are willing to pay and make a resolve to stick with it. This price should be a fair reflection of what you feel the property is worth based on the research you have done of recent sales in the area and the prices of similar properties that are up for sale.

Set your maximum at an odd number because if two people have the same limit, which is more likely to happen on a round number, then the first one to get there can buy the property.

Check your state laws

In certain states all bidders are required to be registered – a tactic designed to stamp out 'dummy' bidding. As the legislation varies from state to state, check the laws with your real estate agent or fair trading body.

Have a solicitor/conveyancer go over the sale contract

Once the hammer has dropped, it is taken that you accept the sale contract in its current form. There is no cooling off period – when the contract is signed you are committed to buying the property. For this reason it pays to have a solicitor/conveyancer review the contract and any amendments you wish to

make (such as the amount of deposit, settlement period, inclusions) need to be agreed by both parties prior to the auction.

Don't assume fittings, fixtures and appliances like the blinds or dishwasher will be included with the house unless they are specifically outlined in the contract.

Don't scrimp on inspections

If you are really serious about this property, you should consider having it inspected by a licensed building and pest inspector prior to the auction.

Be assertive when bidding

Bid with confidence because you know that provided you follow the above steps you are as ready as can be.

For further information, please don't hesitate to call AlphaLoan today so we can match your needs against 100's of home loans from our panel of lenders, including all the major banks and many more!

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