

# Frequently Asked Questions about Auctions



## 1. Do I have to be in a cash position?

**The straight answer to this question is yes!**

To bid at PGG Wrightson Real Estate Auction you need to be in a cash position. A deposit of 10% only is required on the day of the PGG Wrightson Real Estate Auction; the balance is due on the settlement date.

As explained later, you may wish to talk to the Auctioneer about extending the settlement date. Also you will have a lead up period of up to 5 weeks that should allow you to get into a cash position.

## 2. How do I work out the price?

The PGG Wrightson Real Estate Auction process allows you to firstly appreciate the property and then determine the price. We find as marketers, that some people become expert in a particular price range and they are able to accurately predict what a property will sell for. They do this by drawing on the information available of the properties they have looked at, in that particular price bracket and the subsequent sale price.

If you need help with the price, ask the salesperson for guidance. Whilst you will not get actual figures, a salesperson will refer you to properties of a similar nature, or to a similar bracket that they believe indicates a reasonable price for the property. You may also choose to get an independent registered valuation.

## 3. Should I make an offer before the auction day?

The process allows for property to be sold before the PGG Wrightson Real Estate Auction Day.

Purchasing early provides an opportunity, especially if you are in a cash position to buy the property without having to outbid others on the Auction day.

## 4. Should I tell anyone I'm interested?

Yes, if after inspecting a property you are interested in buying, it is important to tell the salesperson of your interest. This ensures you will be advised should there be any offers made by any other party before the PGG Wrightson Auction Day.

## 5. How do I borrow money when I don't know the price?

Most lending institutions are now conversant with the Auction marketing method. Once you have worked out the price you believe the property is worth, discuss this with your bank or other lending institutions. You may find they agree to lend money up to a certain "bidding price". You will then know how high you can go on the PGG Wrightson Real Estate Auction Day. Anything greater than that will require a greater input of cash from you.

## 6. Can I have someone else bid for me?

Yes of course. Anyone may bid for you on the day. They will require written confirmation as to how high you wish them to go. You could also have your Solicitors, the a Real Estate Salesperson, perhaps an experienced member of your family or any party you choose bid for you. With the written permission of the vendor and prior notification you may also bid on the phone.

Bidders often feel hesitant in offering their bids when an auction begins. The best policy is to offer your bids clearly and confidently as this announces your intention to buy the property and ensures you are considered in the final negotiations should the reserve not be reached. When the reserve is reached the Auctioneer may confirm with the seller that the property is on the market and will be sold that day.

## 7. What are the normal conditions I would buy under?

- a) If you are the successful bidder on the day, you will need to pay 10% of the purchase price by way of deposit plus GST if any, so don't forget to take your cheque book and ensure that you have sufficient funds in your account to cover the deposit.
- b) When you bid at a PGG Wrightson Real Estate Auction you will be bidding unconditionally and for cash, i.e. if your bid is successful, you will have bought the property. There is no, "subject to finance", "subject to farm sale", you have bought the property. There is nothing to be wary of so long as you have done your homework, and have sought the correct advice along the way. This is no different from making a cash offer on a normal sale and purchase agreement form.
- c) Possession and settlement date will be advised in the Particulars and Conditions of Sale.
- d) Chattels are normally mentioned in the Particulars and Conditions of Sale. You should look for them and make sure they agree with what you believe is being left with the property.
- e) GST will also be mentioned in the Particulars and Conditions and you should check that you understand the nature of the sale i.e. is the sale Exclusive or Inclusive of GST?

## 8. What are the Particulars and Conditions of Sale?

This is a copy of the contract that you will sign if you are the successful bidder on the day. It is simply a contract that contains the conditions upon which you have bought the property on, and binds you to the purchase of the property. It also binds the vendor to sell to you as per those Particulars and Conditions of Sale. The Particulars and Conditions of Sale are normally available 14 days before PGG Wrightson Real Estate Auction. When you get a copy, if you have any doubts on working or clauses inserted, then you should consult the salesperson concerned, and/or your Solicitor.

## 9. Can the Particulars and Conditions of Sale be altered in special circumstances, say a longer possession date?

All of the conditions apply on PGG Wrightson Real Estate Auction Day as they are covered by the Auctioneer. If there are any of these conditions that you wish varied, i.e. you can only pay 6% deposit or you may wish for a longer settlement date, you should discuss this with the salesperson who introduced you to the property. You will need to make prior written arrangements with the Vendor so that you can still bid and buy the property.

Often an Auctioneer will come and talk to you prior to the auction to get a clear understanding of what you want. If for example, you require a three month possession instead of one month, he would relay this to the owner of the property, and if this was acceptable then a document called a "Variation of Terms" would be signed by the Vendor and by you as Purchaser if you are the successful bidder.

Do not hesitate to talk about any Particulars and Conditions that you would like altered to put you in a position to buy.

## 10. What do I have to pay and when is it payable?

The following dates are important whether buying before, during or after a PGG Wrightson Real Estate Auction.

*If you purchase conditionally, you should note the following dates:*

- a) The date of the contract or on the PGG Wrightson Particulars and Conditions of Sale by Auction, as signed on the day, is the date that the contract was made.
- b) On that day a deposit of 10% of the purchase price plus GST or any other deposit that has been agreed upon, is due to be paid there and then.
- c) The settlement and possession date. This is the day you take over the property. It is also the day that the balance of the money (settlement), i.e. the purchase price less the deposit already paid, is due. It is worth noting that this may be one, two or three months after you have bought the property or even longer.

## 11. What does "Passed In" mean?

This means that the reserve price set by the Vendors has not been reached. The salesperson will confer with the Vendor and discuss the asking price for the property. The highest bidder will then have the first and exclusive right to negotiate the sale price for the property at or above the reserve price. Most passed in properties are sold immediately after a PGG Wrightson Real Estate Auction.

Should the parties not reach agreement; other interested parties will be invited to make offers. Therefore it is most advantageous to be the highest bidder if an auction is passed in. (The highest bidder when passed in is to act as "the under bidder" as the Vendor's reserve is deemed the highest bid at this time).



## 12. How do I bid at PGG Wrightson auction?

To bid you must do this by some gesture to the auctioneer. A raised hand is all it takes. You may leave your hand up until the auctioneer takes your bid. PGG Wrightson auctioneers are very experienced and will identify you as a bidder as soon as you put your hand up.

There is a need to "register" in the visitor's book (or other form of registration as provided by the auctioneer) at the auction. This enables you to enter an offer after the auction should it be passed in and not dealt with by the under bidder.

The property information and Terms and Conditions of Sale have been handed (delivered) to you. Our salespeople can advise you during the Auction process how to proceed with your bidding, please do not hesitate to ask for assistance.