

**CHEFFINS**



# A Guide to Buying & Selling Property at Auction

**Eastern Counties Property Auctions**

RESIDENTIAL, COMMERCIAL, LAND

# Selling Property at Auction

This guide is intended to give both Buyers and Sellers an overview of the auction process and the different stages involved. If you have any further queries or would like some more detailed advice then our Property Auction Department would be pleased to discuss these with you.

## SELLING PROPERTY AT AUCTION

**Selling property at auction can be a quick and effective way of achieving a sale, with exchange of contracts on the day of the auction.**

### Is Auction right?

Contact us to find out whether your property is suitable for sale by auction. Most types of property can be sold by auction, but some are better suited than others. Cheffins offers a wide variety of properties for sale by auction including:

- Amenity Land and Paddocks
- Farmland and buildings
- Properties for refurbishment or conversion
- Properties with structural damage and/or derelict
- Residential and Commercial Investments
- Development Land and Building Plots
- Sales by Executors, Charities, Government Bodies, Banks and Corporations

It is important to make sure that your circumstances are right for selling by auction. If you are the occupier of the property you may need to move out within 28 days if the property is sold at the auction. Cheffins will provide an appraisal of your property and discuss recommended guide prices and fees to help you to decide whether or not auction is the best route for you.

### Confirming Instructions and Fees

It is important to agree terms at an early stage as marketing cannot commence until we have received signed instructions. There is an Entry Fee for entering the property into the catalogue which is non-refundable and is payable before the auction. If the property successfully sells then there is an auctioneer's sales commission which is deducted from the deposit paid by the buyer. If you are not known to us then you will need to provide copies of documents in accordance with the Anti-Money Laundering Regulations to confirm 'Proof of Identity' and 'Evidence of Address'.

### The Legal Packs

It is important to involve your solicitor in the auction process at an early stage so that a detailed Legal Pack can be produced. This includes details on title, legal searches, property seller's information, fixtures and fittings, planning permissions etc. and any Special Conditions of Sale that need to be included in the contract. A full legal pack will give buyers more confidence to bid at the auction.

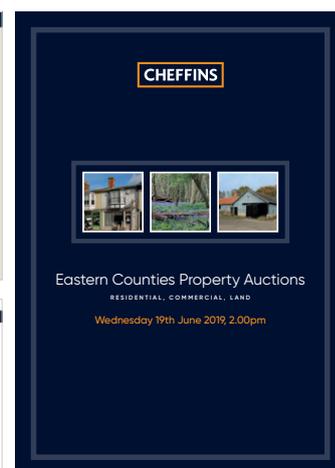
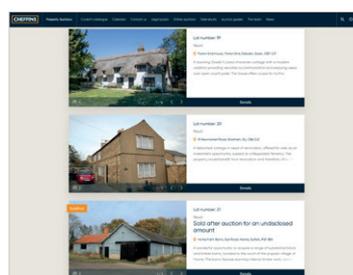
Energy Performance Certificates (EPCs) will be required for certain types of property (including nearly all residential properties) and these can either be arranged by the auctioneers or through your solicitors as part of the Legal Pack. Legal Packs are available to download online 24/7 by interested parties.

### Cataloguing the Property

Once instructions have been confirmed a member of the Cheffins auction team will prepare details of the property for you to approve. These are included in our high quality auction catalogue and will include photographs and plans where appropriate.

### Marketing

One of the keys to achieving a successful sale at auction is the marketing strategy. Due to the nature of auctions there is a relatively short period (normally 3 – 4 weeks) in which to advertise and promote the auction. Our marketing combines local and national advertising through our auction department as well as promotion of the properties through our website and network of 6 residential and commercial offices across the region. All of the properties are included on the Rightmove and Essential Information Group (EIG) website which is the UK's largest property auction website and ensures that the property is exposed to a database of buyers from across the world. We also recommend using specialist publications for certain types of property. This might incur additional costs to the seller but this would be discussed as part of the marketing strategy.



# Selling Property at Auction

## Viewings

Once the marketing has commenced a viewing schedule will be agreed for properties that require access. This is normally 2 or 3 block viewing sessions which are accompanied by a member of Cheffins staff.

## Reserve Price

Most properties are sold subject to a 'reserve' which is the minimum price at which the auctioneer will sell the property. The amount of the reserve is not normally disclosed to potential buyers. The reserve will be discussed and agreed with you 2 or 3 days before the auction once there has been some feedback from the marketing. It is important to note that the level of the reserve should not be set above the lower end of the guide price.

## Auction Day

On the day of the auction, the auctioneers will produce any Addendums to the catalogue descriptions and announce any amendments before the start of the auction. If the bidding reaches the reserve price or above, the fall of the auctioneer's hammer creates a legally binding contract. The auctioneer's clerk will sign the Sale Memorandum (on your behalf) and collect the deposit from the buyer. If the property does not reach the reserve we recommend that you speak to the auctioneer after the sale to discuss any post-sale interest as properties often receive offers after the auction.

## Completion of the sale

Once the deposit funds have been cleared we deduct our sales commission and any outstanding expenses, and the balance is sent to your solicitors together with a copy of the signed Sale Memorandum. Your solicitors will then deal with completion and handling of the balance of the purchase price. Completion normally takes place 20 working days after the auction but this can be sooner or later depending on the seller's requirements.

## Post Sale Advice

If your property sells at the auction you should notify your solicitor immediately so that they are aware of the situation. If the property fails to sell then we will continue to market the property until instructions are withdrawn and we will contact interested parties to see if a sale can be agreed post-auction. In the event that a sale is not agreed we would be pleased to discuss alternative ways of achieving a successful sale of the property for you.



# Buying Property at Auction

Auctions can be a quick and cost effective method of buying property often at a competitive price. However, it is important to make sure that you understand the auction process, do your research and arrange your finance.

## BEFORE THE AUCTION

### Obtain an auction catalogue

The first step to buying at auction is to obtain a copy of the catalogue from the auctioneers. This contains details of all of the properties to be auctioned as well as Important Buyers' Information and the Common Auction Conditions.

Catalogues will contain descriptions of the properties, guide prices and viewing arrangements. The catalogue is available in hard copy or on-line and should be obtained directly from the auctioneers. Beware of many of the property listing websites that have no connection with Cheffins.

There are often late entries to the auction which are not contained in the main catalogue and you should check with the auctioneers for any additional properties that are to be offered at the auction.

### Make sure you can proceed

If you are thinking of buying at auction make sure that you are in a position to proceed with the sale within the specified timescales.

If you are the successful bidder at the auction you will be bound under contract on the fall of the auctioneer's hammer. You will need to pay a deposit on the auction day (usually 10% of the sale price), sign the Sale Memorandum and be in a position to complete the sale (i.e. pay the balance of the sale price) normally 20 working days after the auction.

### Viewing the properties

Most properties are available to view before the auction and viewing arrangements are shown under each lot description in the catalogue. Viewings are often dealt with by a limited number of block viewings at specified times so you may need to be flexible in your arrangements.



### Legal Packs and Surveys

The seller's solicitors will prepare a Legal Pack for the property which will contain any relevant legal information such as title documents, searches, lease details, and any Special Conditions of Sale etc. Legal Packs are available to download online 24/7 and can be accessed directly by your solicitor so that they can advise you on any legal issues relating to the property before you bid.

If you would like to undertake a survey of the property this will need to be arranged at your own cost. You may also want to take independent professional advice or obtain a valuation of the property.

### Keep yourself informed

It is important to register your interest and keep in regular contact with the auctioneers about the property. There are often guide price changes, alterations to descriptions and properties can be sold prior to the auction or withdrawn.

The auctioneers produce a Catalogue Addendum just before the auction date which lists all amendments.

### Pre-Auction Offers

Some sellers will be prepared to accept offers for the property before the auction. If you are interested in submitting a pre-auction offer you should contact the auctioneers to discuss the process.

Offers should be made in writing and you will be required to sign the auction contract and pay the deposit at least 5 days before the auction. The property will normally continue to be marketed until a contract has been signed.

### Telephone, Proxy & Online Bidding

If you are unable to attend the auction you can bid by telephone, proxy & online. Contact the auctioneer in plenty of time before the auction to make the relevant arrangements.



# Buying Property at Auction

## AT THE AUCTION

### Bidding at the Auction

Once you have decided to bid you can either attend the auction personally or instruct a friend, agent or solicitor to attend on your behalf. If you are not attending personally the person representing you should be given written authority and bring Identification Documents for themselves and the buyer.

### Buyer's Registration

Make sure that you arrive at the auction in plenty of time to register. You will need to complete a simple form which includes details of the buyer and their solicitor. You will also need to provide some form of identification to register. You will be given a Buyer's Number for use at the auction. There is no charge for registering or attending the auction.

### Catalogue Addendum

At the auction you should obtain a copy of the Addendum which will include up to date information on any changes to the catalogue.

### Reserve Prices

The majority of properties are offered with a 'reserve price' which is the minimum figure at which the auctioneer is authorised to sell the property. The amount of the reserve is not usually disclosed to the potential buyers.

### Conduct of the Auction

The auctioneer will decide the level of each of the bids depending on the value of the property and the amount of interest. Before the hammer is brought down the auctioneer will point to the highest bidder and state the amount of the final bid. Once the hammer falls it is a binding contract and the auctioneer will record the Buyer's Number and sale price.

## AFTER THE AUCTION

### Sale Memorandum and Deposit

The auctioneers will prepare a Sale Memorandum recording the details of the sale. The successful buyer will be required to sign the Sale Memorandum and pay the deposit (usually 10% subject to a minimum of £3,000) to the auctioneers before leaving the auction.

### Buyer's Contract Fee

The auctioneers will charge a Buyer's Contract Fee which is payable to the auctioneers in addition to the price of the property. This needs to be paid at the time of signing the Sale Memorandum.

### Buyer's Identification

In accordance with Anti-Money Laundering Regulations all successful buyers must supply identification to confirm their identity and evidence of address. Copies of these documents will be taken by the auctioneers at the time of signing the Sale Memorandum.

### Insurance

The successful purchaser will usually be responsible for insuring the property as soon as the hammer falls.

### Completing the Sale

Once completed the Sale Memorandum is sent to the solicitors to deal with the transfer and completion of the sale. The purchaser will need to pay the balance of the sale price together with any additional costs (usually specified in the Special Conditions of Sale) through the solicitors on the completion date.

### Unsold Lots

If the bidding doesn't reach the reserve price at the auction the auctioneer will announce that it is unsold and withdraw the property. If you are interested in the property you can leave your details with the auctioneers or make a post-auction offer.





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