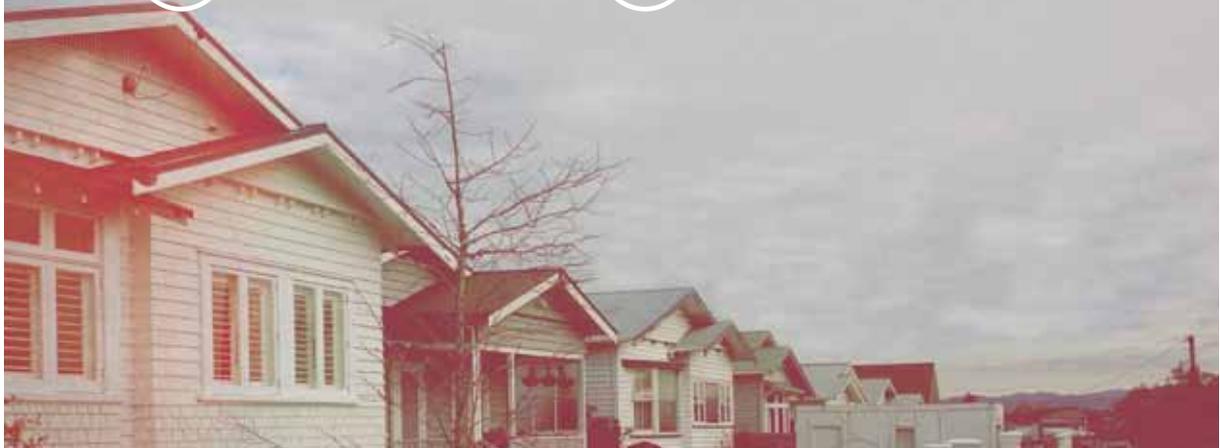


HOW TO SELL A HOUSE BY AUCTION



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DISCLAIMER: This information is given as a guide only and relates specifically to residential property sold by auction and using the standard ADLS Particulars and Conditions of Sale of Real Estate by Auction form. All information in this document is to the author's knowledge true and accurate. No liability is assumed by the authors and publishers for any losses suffered by any person relying directly or indirectly upon the information contained in this document. It is recommended that you consult a representative of The Property Practice Limited before acting upon this information.

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HOW TO SELL A HOUSE BY AUCTION

So, you've decided to sell your house at auction. Sale of homes by auction has become very popular. At the moment there are often more potential buyers than houses available in popular suburbs, so auctions can be a good way to get top dollar for your house.

Selling a house can be stressful. This is where we can help. We want to make the sale process as stress-free as possible. The following outlines the general process for selling a house by auction, which will help you to get your head around the procedure and may help you to achieve the best outcome.



You will need to list your house for auction with a real estate agent. The agent will ask you to sign a listing agreement and will then prepare a draft agreement for the sale of the house in anticipation of it selling at auction. This is called Particulars and Conditions of Sale of Real Estate by Auction ("Auction Agreement").

Both the listing agreement document and the Auction Agreement are legally binding contracts. Once signed, neither can be changed unless you can get the consent of the other party. Accordingly, we recommend that you have your lawyer check both the listing agreement and the draft Auction Agreement before you agree to them.

You may find some of the information on our [Tips page](#) helpful in preparing for the auction.



We strongly recommend that you get together as much information about the house as you can to give to potential buyers.

At auctions, buyers bid unconditionally. This means that if they win the auction they buy the house without being able to include any conditions that would enable them to later pull out of the deal if any problems arise. So potential buyers must do all their homework before the auction, which generally includes checking the legal aspects (Auction Agreement, Title, Council LIM Report), getting finance in order, checking the house (e.g. a builders report, valuation, and Council LIM). All this homework can be a lot of hard work and expense for each potential buyer, and some potential buyers will give up! So, if you can make buying your house at the auction as easy and cost effective as possible for them by providing as much of the information they need as possible, you may increase the number of bidders at the auction, and in turn the price you get for the house.

The information we recommend you get together before the auction is explained below:

VERIFYING THE LEGAL ASPECTS

The Title, LIM and Auction Agreement are all legal documents, so it is important for a lawyer to check them to make sure that there are no problems with the property. In the unlikely event that a potential problem is revealed, it may actually be advantageous to you to disclose any issue to prospective purchasers upfront and contractually protect yourself from being sued for breach of contract. In the current market where properties are in hot demand, in our experience purchasers are often quite willing to accept a defect when they know about it upfront.

If you want to check that everything is in order with the property before the auction, then we can check these documents for you in the most efficient way available and provide you with a report about the legal aspects of the property; our TLC Report. This report can then be shown to the potential buyers (if you wish) to show them that the legal aspects of the property are all in order.

Click here for more information about our TLC Report, or to **order our TLC Report** online. Otherwise **contact us** directly if you wish to discuss.

Please note: If the property is under the Unit Titles Act 2010 i.e. operated by Body Corporate, there will be additional matters to consider that you should contact us to discuss.



THE AUCTION

Some important facts to note about auctions are:

- If the house sells at the auction, the buyer will have to pay a deposit immediately to the real estate agent (which is generally 10% of the purchase price they are paying).
- You will be required to sign the Auction Agreement, which is a legally binding agreement, hence our recommending that you have your lawyer check it before the auction so you know what you are signing.
- If the house sells at auction, your real estate agent will forward the signed Auction Agreement to your lawyer. If you would like us to act for you, you or the agent can upload your Auction Agreement to us **here**.
- If the house does not sell at auction, you may be able to enter into negotiations with the highest bidder after the auction.



GOT THE SIGNED AGREEMENT!

CONGRATULATIONS!

We will sort out everything with the buyer's lawyer.

We will liaise with your bank to arrange discharge of the mortgage (if any) from the title to the property you are selling before it is transferred to the buyer.

We will take care of the rates and water, ensuring that the correct apportionments will be made between the seller and the buyer as at settlement, so you don't need to worry about these things.

You should tell us where you would like any surplus funds to be paid following settlement and supply us with either a deposit slip or the top of your bank statement showing the correct bank account details.



SIGN DOCUMENTS

Before the settlement date you will need to sign some documents. Once everything is ready for signing, we will arrange to meet with you. You can visit us at our offices or we can meet you at a place that is convenient for you. It may even be possible to email you the documents to sign.



BEFORE SETTLEMENT

The buyer has the right to inspect the house before settlement to ensure that no damage (other than fair wear and tear) has occurred since they inspected the property initially. Usually, the agent organises this and will contact you to discuss getting access to the property for the buyer.

Once we have received notification of the amount to be repaid under your mortgage (if any), we will seek to get your approval of this.



SETTLEMENT – THE HANDOVER

As soon as we have completed settlement, you will be required to hand over the keys and vacate the property. The ownership of the house will be officially transferred to the buyer.

On the day of settlement, we will liaise with the other lawyer and when everything is in place, the buyer's lawyer will pay the settlement money to us.

When the settlement occurs is often out of the control of the lawyers as it depends on other parties' actions and other factors. Unfortunately it is impossible to tell you what time settlement will happen. However, we do try to accommodate people's circumstances if possible.

We will telephone you once the settlement has gone through. Generally, you should leave your keys (and garage door openers etc) with the real estate agent who will pass these to the buyer once they are authorised to do so.

We will ensure that your bank mortgage (if any) is repaid and any leftover balance paid to you in accordance with your instructions.

Lawyers' fees are usually paid by deduction on settlement. We will provide you with draft accounting statements beforehand.



AFTER SETTLEMENT

The lawyers notify the Council (and water company) of the change in ownership after settlement.

We will email you copies of the relevant documents for your records and provide copies to your accountant if you wish.

You should cancel the house insurance at this point (after settlement is complete) as it is your responsibility to keep the house insured up until settlement, even if settlement is delayed for any reason.

You will also need to cancel or transfer your telephone and power/gas accounts.