

# Buying your property at Auction

Buying a property has never been easier with our  
Modern and Traditional methods of auction.



KIRKHAM

PROPERTY | LEGAL | FINANCIAL

# Benefits of Auction

“You can bid from the comfort of your own home”



## COMPLETE FASTER

Auction offers quicker completion vs. Private Treaty where it can take over 100 days to complete. Auction provides fixed exchange and completion dates of between 28 and 56 days from receipt of draft contracts. This means you can plan your move more easily.



## QUICK AND EASY BIDDING

We know life is busy, that's why we pioneered online auctions so you can bid from the comfort of your home, 24 hours a day, 365 days a year. We also offer live in-room auction events across the UK.



## BUY WITH A MORTGAGE

Our option of Modern Method of Auction (MMoA) provides an extended timescale of 56 days from receipt of draft contracts for completion (vs. Traditional Auction where the timescale is 28 days) giving you time to arrange a mortgage.



## ADDITIONAL SECURITY

The buyer and vendor enter into a binding Reservation Agreement, committing them to completing the purchase. Because bidding activity is visible to all interested parties, it offers complete transparency vs. buying through Private Treaty.

“auction provides exchange and completion dates of between 28 and 56 days”

# Our flexible auction routes

A step by step guide.

**“this method opens  
the market to  
mortgage buyers”**

## Modern Method of Auction (MMoA)

This is our most popular auction method. Unlike Traditional Auctions, exchange and completion take place within 56 days from receipt of draft contracts. This method allows more interest and opens the market to mortgage buyers.<sup>1</sup> You may have also heard this method referred to as “Conditional” method of auction.

**You are also required to sign a Reservation Agreement if you are the successful bidder on a property. This reserves the property to the buyer and commits both the seller and the buyer to completing the purchase giving security to both parties.**

*<sup>1</sup>subject to lending criteria, affordability and survey.*

## Things to consider as a buyer:

You will be required to pay a 4.2% non-refundable Reservation Fee, which is subject to a minimum of £6,000 inc VAT, within 2 hours of the auction ending if you are the successful bidder. This is paid in addition to the agreed purchase price.

- The Reservation Fee should be taken into consideration when deciding the total amount that you wish to pay for the property, and you need to ensure you have enough funds to pay the Reservation Fee on the day of the auction.
- In some cases the seller may have opted to pay the fees, in this instance, you will be required to pay a Reservation Deposit instead of a Reservation Fee. The Reservation Deposit paid is typically 4.2% (of the purchase price) and is subject to a minimum of £6,000. The Reservation Deposit forms part of the final purchase price.
- You will need to complete the purchase within 56 days from receipt of draft contracts, so if you are financing with a mortgage, you should get a mortgage agreed in principle beforehand.



# A step by step guide

**“Exchange of contract takes place as soon as auction ends”**

## Traditional Method of Auction

Exchange of contracts takes place as soon as the auction ends. The buyer is required to pay a 10% deposit at this point of exchange and complete within 28 days. Although this is the most secure and fastest method of sale vs. Modern Method and Private Treaty, the higher level of deposit required typically limits interest to cash, investment buyers. You may have also heard this method referred to as “Unconditional” method of auction.

**You will be required to sign a Reservation Agreement if you are the successful bidder on a property. This reserves the property to the buyer and commits both the seller and the buyer to completing the purchase giving security to both parties.**

## Things to consider as a buyer:

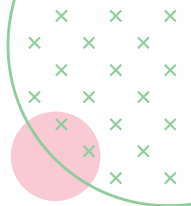
- You will be required to make a 10% non-refundable deposit at the end of the auction if you are the successful bidder, so you need to ensure you have enough funds available to do this on the day of the auction.
- You will be required to pay a 4.2% non-refundable Reservation Fee, which is subject to a minimum of £6,000 inc VAT, within 2 hours of the auction ending if you are the successful bidder. This is paid in addition to the agreed purchase price.
- You need to have funds available to be able to complete the purchase within 28 days of exchange taking place.

## Referral arrangements

Your Estate Agent and the Auctioneer may recommend services of third-party suppliers to you and may receive payment for the recommendation. Whilst these services are recommended to be of benefit to you, you are under no obligation to use any of these services and you should always consider your options fully before services are accepted. Where any such arrangement exists, you will be made aware of the arrangement and advised of any payment that will be received prior to services being taken.



# The process



**You've decided to buy a property at auction – let's get started!**



## **1. SEARCH**

Our auction properties can be found through our website and any online property search engines we use – we also advertise in branch. You can also search on [www.iamsold.co.uk](http://www.iamsold.co.uk)



## **2. VIEWING**

We would always recommend viewing any property you are considering. You can book your viewing through the Estate Agent and afterwards our team will be in touch to discuss your feedback and potential interest in bidding.



## **3. BUYER INFORMATION PACK**

If you plan to bid, you need to carry out your due diligence before proceeding. To help you, each property has a Buyer Information Pack and we highly recommend that this information is reviewed carefully before bidding. It's also advisable to review the pack with your solicitor. To download the pack, you need to register online or by speaking with one of our Auction Specialists.



## **4. SALE METHOD**

Information will be available about how your chosen property is being sold; this will either be via Traditional or Modern Method of Auction. You will also need to find out if the auction will be taking place at a live/in-room event or online.

**You need to ensure you can meet the requirements of the auction method before bidding, specifically ensuring you have the necessary funds available for any deposit/fees.**



## **5. BIDDING**

You can bid online (if an online auction), over the phone (online or live event) or in person (if a live event). If bidding online, our system allows you to view the current bid, number of bidders and a live countdown until the auction ends. You are also able to set an automated maximum bid and the system will bid on your behalf.



## **6. YOU ARE THE WINNING BIDDER**

Depending on the method of auction, you will have between 28 and 56 days from receipt of a draft contract from your solicitor to complete the purchase.

### **DEPOSIT/FEE**

In both cases you need to pay a deposit or fee to reserve the property, sign a Reservation Agreement and complete an identification process with our friendly team. You will also need to instruct a solicitor to act on your behalf.

### **EVIDENCE**

You will also need to evidence how the purchase will be funded. This will be required before exchange can take place.



## **7. NEXT STEPS**

Our expert Sales Progression team will help to take the sale through to completion, keeping you updated every step of the way.



**“Excellent service thanks  
for making my purchase a  
smooth one.”**

Priscilla N

**“Fantastic service, I was  
kept informed all of the  
way very professional”**

William W



# FAQ

## Buying a property has never been easier with our Modern and Traditional methods of auction.

### How long does the auction last?

This can vary much depending on the seller's circumstances or the level of interest generated in a property during the Pre-Auction Marketing period. Properties may end up live for a matter of days through to a matter of weeks. We would highly recommend registering your interest against the property via the Watch List facility and making sure that you have viewed the property. Our Auction Specialists will keep all interested parties updated and should the vendor decide to end an auction, or accept a bid prior to the end of an auction, then they will communicate this. If we are unaware of your interest in a property it is difficult to communicate any changes in circumstance.

### How do I place bids?

Firstly, you will need to register with us and a link to the registration form can be found on the top bar of the home page. We would highly recommend doing this even if you are only initially 'browsing'. Once you have completed the registration form, you will be sent a welcome email confirming that you are registered to bid and able to place bids online. Alternatively, you can call and speak to one of our Auction Specialists by calling 0345 646 0302 and they will be happy to place a bid on your behalf. We would recommend that you have viewed any properties in question and looked through the legal information supplied within the Auction Pack for each Lot.

### Can I place bid at any point during a process?

Bids, or offers, can be placed at any stage during an auction process. Even if the property is in "Pre-Auction Marketing" status, although you would need to consider that the Auction Pack has not been signed off. By law we must put any offer that is made forward to the seller. It is then up to the seller to decide if they want to consider the offer and take the property out of the auction early. In this scenario the Reservation Fee is still payable, and the Terms and Conditions of the auction still apply.

### Is the bid binding?

In the Modern Method of Auction, the bid obliges you to pay a Reservation Fee and sign the Reservation Agreement to grant an exclusivity to the property. It does not bind you to buy the property but reserves you the right to exchange contracts and complete on the property at the agreed price within 56 days of draft contracts being received by your Solicitors. With the Traditional Method of Auction, once your bid has been accepted, or auction has

been won, then you are required to exchange contracts and pay a 10% deposit alongside the Reservation Fee. Completion is generally expected within 28 days of exchange.

### How are you paid?

This will depend on the terms that the vendor has chosen. Predominantly, the buyer pays a non-refundable Reservation Fee when the auction is successfully concluded. The fee is held by iamsold to reserve the property to the buyer and show their commitment to the purchase. It is later used to pay the Estate Agent and Auctioneer who work in partnership to provide the auction.

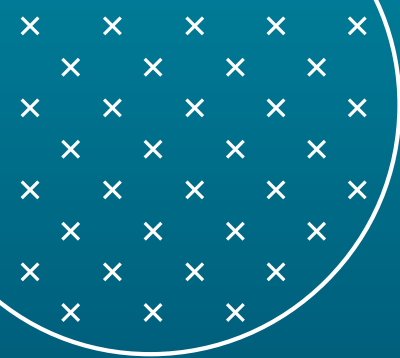
### Why would someone pay a fee to purchase a property?

Usually, the vendor chooses for the buyer to pay the Reservation Fee as a sign of commitment and agreement to the auction terms. As the vendor does not have to cover this cost, they are aware that the buyer is required to consider this on top of a purchase price. Most vendors have decided to use the auction method due to past experiences on the open market or are motivated by security and speed of sale over potential price achieved. When looking to buy a property most people will look at a total purchase price with the fee included and all of the lots available through our online auction are priced realistically to sell. As the buyer, as well as paying the Reservation Fee you also sign a Reservation Agreement which provides commitment between yourself and the seller to complete the transaction, reducing the risk of a sale not completing. The seller is also bound by the same terms.

### Will paying a reservation fee increase my stamp duty liability?

Current HMRC policy is that the chargeable consideration (monies or monies worth) for a land or property transaction is what has been given (either directly or indirectly) in order to acquire the subject - matter of the transaction, by the purchaser or a person connected with them. This includes fees which have to be paid in order to acquire the property. This means that whatever the buyer pays, it will form part of the purchase price for the property and it will be included in their liability for stamp duty. In all circumstances we would recommend discussing this with your chosen Solicitors prior to committing to a bid.





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tel 0161 300 7100 visit [kirkham-property.co.uk](http://kirkham-property.co.uk)