

a guide to buying at auction

...your questions answered



Q What is a property auction?

A A sale of commercial and residential property at which you bid to purchase property there and then.

Q If I'm interested in a property prior to the auction should I go and see it?

A If you have time it is worth visiting the property to check the location. You may also be able to get the keys to have an internal inspection. Check the catalogue for viewing dates and times.

Q Can I see the legal documents of properties I'm interested in?

A Yes. Auctions have files with the deeds, Land Registry searches etc...

Q How much should I bid on a property?

A Only what you have previously calculated you can afford.

Q If I win the bidding do I have to buy the property?

A Yes. Once the hammer falls you are legally bound to buy the property.

Q What details should I take to the auction?

A If you expect to buy a property take:

- Two forms of identification
- Your cheque book
- Bank details
- Solicitors' details

Q How much can I borrow?

A Lenders will generally lend based on the valuation or the purchase price/guidance price, whichever is lower. Often they will lend about 70 - 80%. Be aware, however, that properties don't always sell at the guide price at an auction – it could be more, or less. Always decide in advance the maximum price you can afford to bid on a property.

Q What do I need to pay on the day if I buy a property?

A You will need to take your cheque book as you will be required to pay a 10% deposit on the day.

Q Will I need to insure the property I buy?

A Yes. As soon as you've exchanged to buy at auction you are responsible for it, so you will need to insure it straightaway.

Q How quickly do I need to pay for the property?

A You usually have up to 4 weeks after the auction date to complete the purchase of the property, although sometimes it's as little as 10 days.

Q What happens to properties that don't reach their reserve price?

A At the end of the auction the vendor may agree to sell the property at a lower price. Ask the auctioneer if you can register your interest for such properties.

Q What is a bridging loan?

A A bridging loan is short term finance usually taken out from 1 to 12 months. It is an interest only facility that helps with buying a property and completing the purchase almost immediately. This type of loan can sometimes be repaid by refinancing it on a long term basis or selling the property.

Q Which is more suitable for buying at auction, a bridging loan or long term finance?

A As an example, bridging loans may be more suitable if the property is to be sold soon after purchase, or refinanced with a long term loan. Long-term finance may be more appropriate if the property is to be held on to for a number of years.

If you require any further assistance please contact Auction Finance or visit our website at www.auctionfinance.co.uk or call **0161 276 2820**