

Buy at auction

You need to prepare before buying at auction. It is a good idea to go to a few auctions first to see how they work. The terms of a residential auction sale usually require the buyer to bid on an unconditional basis. The real estate agent can give you a copy of the terms and conditions before the auction date.

Remember when buying at auction there is no cooling-off period. You need to view the property and do all the necessary checks before bidding. Getting an independent professional valuation is also a good idea. If you are the successful bidder at the auction, you will have to settle the contract even if the house is defective or you can't afford it.

The terms of a residential auction sale usually require the buyer to bid on an unconditional basis. This means you cannot have any special conditions such as subject to finance or subject to the completion of another sale.

Before the auction

Before the auction, make sure you:

- inspect the property
- do all the necessary checks such as a title search and building and pest inspection
- arrange your finance, keeping in mind the repayments you can afford now and if interest rates go up
- get an independent professional valuation of the property
- do your own research of the market
- set a budget and stick to it
- ask the agent how much is needed for the deposit and how you need to pay it on the day (a personal cheque, bank cheque or deposit bond is usually okay)
- get a copy of the contract and think about getting legal advice about the terms and conditions of the auction to ensure you understand what you will be bound by if you are the successful bidder.

On auction day

On the day get a copy of the terms and conditions of the auction before the auction begins. These should be read out to prospective bidders before the auction starts.

Check with the auctioneer make sure there are no changes to any contract you may have already been given. You can also ask questions about the property before the bidding starts.

If you want to bid, register with the auctioneer before the auction starts. The auctioneer will give you a unique identifier such as a numbered paddle. Only registered bidders can bid on the day.

Set a budget before the auction and stick to it. If you are the successful bidder, you must sign a contract immediately. There are serious legal ramifications if you cannot settle the sale on time.

You may be forced to pay the amount of your winning bid, regardless of whether you had a loan approved or access to the money, or you may be asked to pay for the cost of reauctioning the property and any shortfall between your offer and the offer received at the next auction.

Vendor bids

In Queensland, auctioneers are allowed to accept 'vendor' (seller) bids up to the reserve price. The property is then 'on the market'. Vendor bids must be announced in the conditions of sale at the beginning of the auction.

It is illegal for auctioneers to engage in dummy bidding or take false bids once the property is on the market. Any bid where there is no genuine bidder is a false bid.

The auctioneer reserves the right to bid on behalf of, or accept, bids from the owners of the property.