

GUIDE TO BUYING A PROPERTY AT AUCTION



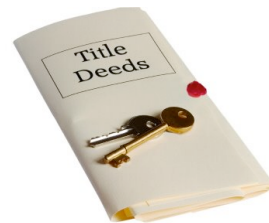
After a lull of several years, the Auction room has now become the method of choice for many sellers of distressed properties in the last twelve months. We thought it would be useful to look at some of the key challenges facing anyone thinking of buying at an auction.

Buying a property at auction is all about being well prepared. If you are a bidder at an auction and the property is knocked down to you, you are automatically obliged to sign the contract and pay a 10% deposit. Accordingly it is important that you have carried out significant due diligence before the day of the auction.

We suggest you follow the ten steps set out below: -

1. Make sure you view the property at least once and possibly a number of times. Review the property at different times of the day. If you are going to live at the property check out facilities such as local schools, transport links, possible issues with neighbours, etc.
2. If you are buying the property for investment purposes you need to check the likely rental values and whether there are many similar properties vacant in the area as this may be an indicator as to whether the property can be easily let.
3. Whether you are buying as an owner or an investor you need to make sure you can fund the purchase. This means getting written unconditional loan approval from your Bank. If the loan offer is subject to conditions you need to be very clear that you can satisfy all of the conditions.
4. You will need to pay a 10% deposit on the day of the auction. A cheque will suffice but you must make sure that there are funds in your account to meet this payment.

5. You need to check if a reserve price has been set. A reserve price is usually the price below which the Vendor (Seller) will not sell the property. There may be a published reserve price and this reserve price may be changed by the Vendor prior to the auction.
6. You need to make sure that you have an architect / engineer carry out a survey of the property. You should get a detailed written report setting out any defects or concerns which the architect or engineer has in relation to the property. If you do not have a survey carried out you will be bound by the principle of “Caveat Emptor” which is a Latin term which means Buyer Beware.
7. Most importantly, you need to instruct your solicitor to obtain copies of the draft contracts and all title documents including planning documents in relation to the property prior to the auction.



Your solicitor should check out issues such as the ownership of the property, any issues relating to rights of way, any boundary issues, the identity of the property (in this regard you should make sure that you get a copy of the title map and make sure that it accords with the position as it exists on the ground). Your solicitor should also check if there has been any extensions to the property and that there are the appropriate planning documents relating to such work.

8. Make sure you find out the closing date. This is the date (which will be stated in the draft contract) when you will be required to complete the transaction and hand over the balance of the Purchase monies.
9. You should make sure that you check the BER Certificate in relation to the property. This is a Building Energy Rating Certificate which gives an indication as to how well insulated the house is.
10. We would advise all buyers to carry out a search in the planning office prior to the auction to ascertain whether there are any medium to long term planning proposals within the area which may affect the value of the house.

Bidding at Auction: -



1. You need to have a very clear strategy in relation to how you wish to bid i.e. do you wish to go in early and stay in until the end or hold off until the very end.
2. If you cannot attend the auction you will need to get somebody to attend on your behalf but you will need to give them a written authority and also make sure that you give them a cheque to hand over at the auction. You also need to give them authority to sign the contract on your behalf. This is usually done by way of a proxy form which the auctioneer may require you to complete prior to the auction.

Dillon Solicitors have been advising clients in all property transactions since 1993. We have advised clients in relation to countless auctions and have significant experience in this area.

We have prepared a unique low cost auction title report for anybody seeking to buy at Auction. Please contact us for further details on info@dillon.ie or 01-2960666 or 086 2648280 or log onto www.dillon.ie

Please ask us for a free copy of our "Property Assist" brochure which is our step by step guide to buying a property.

