

Fact Sheet

Bidding at Auction: a checklist

What do you need to know if you plan to bid at auction?

- Arrange a Pre-Approval [link to our Pre-Approval Fact Sheet] through your Smartline Adviser so you know how much you can borrow and therefore your maximum bidding limit.
- Get in touch with local real estate agents, letting them know your criteria and price range. Do your research on the area, especially upcoming infrastructure and building works, to rule out anything that will have a negative impact on the property.
- Start looking for a property via realestate.com.au
- Attend open homes and auctions, even if you aren't interested in the property, so you become comfortable with how the process works.
- When you find a property you like, ask the agent for a copy of the Contract of Sale. Find out as much as you can about the property, taking agents' answers with 'a grain of salt'. Remember that the agent acts for the vendor and not for you.
- Have the contract checked by a solicitor. Arrange a building and pest inspection if it's a house or obtain a copy of the strata report if it's a unit.
- Decide ahead of time what will be your maximum bid, taking into account how much you can afford, how much you want the property and how much you think the property is worth. This will help you know when to stop in the 'heat of the moment' at auction.
- Make sure you have the funds for the deposit before auction day. It is usually 10% of the asking price, although you may be able to request a 5% deposit through the agent. Payment is usually a bank cheque (not a personal cheque) or deposit bond [link to our Deposit Bond Fact Sheet] (check with the agent if the vendor will accept these).
- Research auction bidding tips to give yourself the best chance of success.
- On auction day, bring your deposit funds and register to bid before the auction starts. You can authorise someone else to bid at auction and sign on your behalf if necessary.
- Should you make the winning bid, you are legally bound to buy the property. You will be required to pay the deposit and sign the contract immediately.
- Advise your Smartline Adviser without delay if you are successful at auction, including the property details, so they can formalise your lending arrangements. The lender will usually organise a valuation before finalising your finance.
- Be aware that your bank will calculate the amount they will lend you based on their valuation of the property, regardless of what you pay. If you end up paying higher than market value, you may need your own financial buffer to cover the gap.
- Wait for your lender to advise you of Settlement [link to our Settlement Fact Sheet] and finalise your lending contract.
- Start arranging the next steps such as property insurance, removalists, change of address notifications, utility connections and so on.



Need help?

For further information, please talk to your local Mortgage Adviser on (08) 9527 1800.

Everyone's circumstances are unique. Please speak with your Smartline Mortgage Adviser for more information and to get personalised advice that matches your requirements.

This sheet provides general information only and is correct as at the document date (27/03/2018).

Australian Credit Licence Number 385325