



## Auction Guidelines ... for Sellers and Buyers



Merchants of Substance

## What is a property auction?

An auction is a public sale, conducted by an Auctioneer, in which property is sold to the highest bidder. It has become one of the most effective and popular ways to sell property worldwide,

because it moves property quickly, efficiently and profitably for all concerned.

## Thinking of selling on auction?

### *The benefits for sellers:*

- The process is fast – once the Auctioneer is commissioned to do the auction, the auction generally takes place within thirty (30) days
- Auctions attract qualified buyers – the people at auctions have the means and the desire to purchase the property
- Auctions create urgency – a time is set for the auction and buyers compete to win the bid
- Terms and conditions are transparent – the entire process takes place in a public environment
- Your interests are protected – you specify your reserve price
- The true value of the property is realised – interested bidders compete with each other, often resulting in a sale that exceeds your expectations
- Auction with Reserve: The auction process is conclusive – once the hammer falls, you have two (2) working days (the Confirmation Period) in which to accept the offer, after which the deal is done with the winning bidder
- The final bid amount is the amount you, as the Seller, will get – the winning bidder pays the Auctioneer's fee, which is 10% over-and-above the final bid amount plus VAT
- Auctions allow you to realise profit on an investment – this way you can move to a larger, or smaller property, make a lifestyle change, or realise the cash flow you need for other business priorities

### *How to go about selling on auction:*

1. Contact the Auctioneer to arrange an appointment
2. Have a copy of your ID document, proof of current residence, your title deeds or a deed search, and any other relevant documents available
3. Should you have a minimum price (the reserve price) that you would be prepared to accept, this will be discussed and be agreed upon
4. The marketing of your property will be discussed and an agreement will be reached on the campaign and the cost thereof, which is the only cost you will be required to pay
5. You will be required to complete an agreement (Auction Listing Agreement) between yourself and the Auctioneer, granting the Auctioneer permission to market and auction your property



## Thinking of buying on auction?

### *The benefits for buyers:*

- Sellers are serious – properties that are up for auction are there to be sold, not to test the market
- Inspect the property – you can view by arrangement with the Auctioneer prior to the auction or during the viewing period on the day of the auction
- You decide – you know what you are prepared to pay and can decide when to stop bidding
- Terms and conditions are transparent – the entire process takes place in a public environment
- The true value of the property is realised – at an auction, you are likely to pay a realistic market price – or even acquire a bargain
- The process is fast – if yours is the winning bid, you will know within two (2) working days, whether the Seller has accepted your offer – the property is yours immediately transfer has been processed through the Deeds Office by the Conveyancer

### *How to go about buying on auction:*

1. Identify the property you wish to bid on
2. View a copy of the relevant 'Due Diligence', available from our Auction House two (2) weeks prior to the auction date, or download the brochure from the Auctioneer's website [www.MarietjieKeetAuctioneers.co.za](http://www.MarietjieKeetAuctioneers.co.za)
3. The Property Brochure includes, where relevant, the conditions of sale, the title deeds, the site plan, the zoning certificate, and, information on any rental or lease agreements
4. Establish where the auction will be held – most auctions are held on site at the property that will be auctioned, but occasionally they are held at larger or more convenient venues
5. Arrange to view the property in advance or set aside time to view the property on the day of the auction
6. Decide on the limit you can afford or are prepared to spend
7. Study the 'Rules of the Auction'
8. Be aware that if your bid is successful, it is final and legally binding – it cannot be withdrawn or renegotiated and the conditions of sale cannot be altered
9. If your bid is successful, you will immediately be obliged to proceed to the Auctioneer's desk to sign the Offer to Purchase (the Sales Contract)
10. Auctioneer's commission: Once the Seller has accepted your offer to purchase, you will be required to pay the Auctioneer's commission of 10% of the purchase price, plus VAT, into the Auctioneer's Attorneys' Trust Account
11. Purchase price: Once the Seller has accepted your offer to purchase, you will also be required to pay a deposit of 10% of the purchase price and deliver guarantees on the balance of the purchase price within sixty (60) days from the date of acceptance. Guarantees are for the Purchaser's convenience only – if you are not granted a bond by the bank, you are still liable for the full payment, therefore ensure that you have made arrangements for the necessary finance
12. If you are married in community of property, ensure that you have a certified letter of permission from your spouse to participate in the auction, or that your spouse attends the auction with you
13. You can bid on behalf of a third party if you have a certified letter from the third party (on their company letterhead in the case of a business, accompanied by a certified copy of the resolution authorising you to bid on behalf of the company) granting you permission to do so
14. On the day of the auction allow yourself time to register as a bidder and to thoroughly inspect the property, as the property is sold in the condition as presented by the Seller on the date of the auction
15. You will not be permitted to bid unless you have registered and can show your 'bidder's card' with bidder's number

## The auction process

- Auctions start promptly as advertised, in most instances at 10h00
- The 'Rules of the Auction and Conditions of Sale' will be read out and if any changes have been made to the conditions, these will be brought to your attention
- You will have the opportunity to ask Questions



## Rules of the auction

### *Auction with reserve (subject to seller's confirmation)*

1. Auction with Reserve means that the property will be sold to the highest bidder but subject to confirmation by the Seller who has two (2) working days (the Confirmation Period) to accept or reject the offer.
2. The conducting of the auction is subject to the control of the Auctioneer of the day who has the sole right to regulate the bidding procedure.
3. Auctions commence at 10h00 unless otherwise advertised and will not be delayed to accommodate any persons who arrive late. The 'Rules of the Auction and Conditions of Sale' will be read out.
4. A prospective bidder cannot participate in the bidding process if not registered as a bidder. The registration process includes (i) registration of the prospective bidder's identity, (ii) residential address, (iii) contact details, and (iv) full signature on the 'bidder's roll' prior to the commencement of the auction. The bidder's roll will be made available for inspection at the auction and at the Auction House during normal business hours, without the charge of a fee.
5. All registered bidders must (i) thoroughly inspect the property and/or goods and (ii) read the Offer to Purchase (the Sales Contract) before the bidding starts and must not bid unless they have done so.
6. The Auction House sells per rising bid, in South African Rand.
7. The VAT status of the Seller will be read out at the auction.
8. The Auctioneer or his/her agent shall be entitled to bid up to the reserve price on behalf of the owner, but shall not be entitled to make a bid equal to or exceeding the reserve price.
9. The Auctioneer shall be entitled to correct any error made by him/her.
10. A person, who attends the auction to bid on behalf of another person, must produce a letter of authority that expressly authorises him/her to bid on behalf of that person. Where a person is bidding on behalf of a company, the letter of authority must appear on the letterhead of the company and must be accompanied by a certified copy of the resolution authorising him or her to bid on behalf of the company.
11. In the event of any dispute between the bidders, the decision of the Auctioneer shall be final and binding.
12. The rules of the auction and conditions of sale are read out at the auction and a copy thereof will be available to all registered bidders and will be filed at the Auction House for a period of five (5) years.
13. At the auction, after the reading of the rules of the auction and conditions of sale and before the bidding starts, bidders will be able to ask questions regarding the auction procedure and/or the property for sale.
14. The Purchaser shall not be held liable for any arrears, unless otherwise stipulated in the Offer to Purchase (the Sales Contract).
15. Every bid shall constitute an offer to purchase the property for the amount bid, which the Seller or the Auctioneer may accept or reject in their absolute discretion. The Seller and the Auctioneer are entitled to withdraw the property from sale prior to acceptance by the Seller.
16. The Purchaser shall sign the Offer to Purchase (the Sales Contract) immediately on the fall of the hammer at the Auctioneer's desk.
17. If no bid equals or exceeds the reserve price, the property may be withdrawn from the auction. The Seller shall be entitled to instruct the Auctioneer to accept any lower bid.
18. The Seller has two (2) working days (the Confirmation Period) to accept or reject the offer. No bid may be withdrawn after the fall of the hammer until the expiry of the Confirmation Period. During this time the offer shall be open for acceptance by the Seller or his agent and if the offer is accepted, the sale shall be deemed to be a sale by auction for the purposes of the Consumer Protection Act, No. 68 of 2008 (the Act).
19. The Purchaser's offer shall remain open for acceptance by the Seller or by the Auctioneer on behalf of the Seller, until expiry of the Confirmation Period. The Purchaser and the Auctioneer acknowledge and agree that this provision is for the benefit of the Seller.
20. The Purchaser's offer shall be deemed to have been accepted only when the Seller or the Auctioneer, whichever may be applicable, has signed the Sales Contract on behalf of the Seller and the Seller shall not be required to notify the Purchaser of the acceptance of their offer prior to expiry of the confirmation period.
21. Should the Seller reject the Purchaser's offer, the Auctioneer will repay to the Purchaser any deposit and commission paid to it in terms of the Sales Contract within a reasonable time.
22. In the event of the sale requiring the consent of any statutory authority or any court of law, then this auction sale is subject to the granting of such consent.
23. Auctioneer's fee: Marietjie Keet Auctioneers has a 10% Auctioneer's fee. As soon as the Seller accepts the Purchaser's offer, the Auctioneer's attorneys will send a statement to the Purchaser who must pay the Auctioneer's fee plus VAT directly into the trust account of the Auctioneer's attorneys.
24. To the best of the Auctioneer's knowledge, the rules of the auction meet the requirements of the Act.
25. Section 45. (1) to (4) of the Act is brought to the registered bidders' attention: "Auctions 45. (1) In this section, "auction" includes a sale in execution of or pursuant to a court order, to the extent that the order contemplates that the sale is to be conducted by an auction. (2) When goods are put up for sale by auction in lots, each lot is, unless there is evidence to the contrary, regarded to be the subject of a separate transaction. (3) A sale by auction is complete when the Auctioneer announces its completion by the fall of the hammer, or in any other customary manner, and until that announcement is made, a bid may be retracted. (4) Notice must be given in advance that a sale by auction is subject to (a) a reserve or upset price; or (b) a right to bid by or on behalf of the owner or auctioneer, in which case the owner or auctioneer, or any one person on behalf of the owner or auctioneer, as the case may be, may bid at the auction."
26. Section 55. (1) of the Act expressly states that the cooling off period does not apply to goods bought on auction: "Consumer's rights to safe, good quality goods 55. (1) This section does not apply to goods bought at an auction, as contemplated in section 45."