




Buying your property at auction

Buying a property has never
been easier with our Modern
and Traditional Methods



*Jordan*fishwick

The methods of auction we offer

Modern Method of Auction (MMoA)

This is our most popular auction method. Unlike with Traditional Auction, MMoA exchanges and completions take place within 56 days from receipt of draft contracts.¹ This allows for more interest and opens the market to mortgage buyers.² You may have also heard this method referred to as “Conditional” method of auction.

You'll be required to sign a Reservation Agreement if you are the successful bidder on a property. This reserves the property for you as the buyer, and commits both the seller and yourself to completing the purchase, giving security to both parties.

¹ based on standard property types.

² subject to lending criteria, affordability and survey.

Things to consider as a buyer:

If you're the successful bidder, you'll be required to pay a 4.2% non-refundable Reservation Fee, which is subject to a minimum of £6,000 inc VAT, within 2 hours of the auction ending. This is paid in addition to the agreed purchase price.

- The Reservation Fee should be taken into consideration when deciding the total amount that you wish to pay for the property. You also need to ensure you have enough funds to pay the Reservation Fee on the day of the auction.
- In some cases the seller may have opted to pay the Reservation Fee. In this instance, you'll be required to pay a Reservation Deposit, instead of a Reservation Fee. This is typically 4.2% of the purchase price, subject to a minimum of £6,000.
- You will need to complete the purchase within 56 days from receipt of draft contracts¹, so if you're financing your purchase with a mortgage it's important to ensure you have a decision in principal agreed beforehand.



Traditional Auction

Exchange of contracts takes place as soon as the auction ends. As the buyer you are required to pay a 10% deposit at this point of exchange and complete within 28 days. Although this is the most secure and fastest method of sale, the higher level of deposit required and timescale typically limits interest to cash, investment buyers. You may have also heard this method referred to as “Unconditional” method of auction.

Things to consider as a buyer:

- You'll be required to make a 10% non-refundable deposit which forms part of the purchase price at the end of the auction if you are the successful bidder, so you need to ensure you have enough funds available to do this on the day of the auction.
- You will be required to pay a 4.2% non-refundable Reservation Fee, which is subject to a minimum of £6,000 inc. VAT, within 2 hours of the auction ending if you are the successful bidder. This is paid in addition to the agreed purchase price.
- You need to have funds available to be able to complete the purchase within 28 days of exchange taking place.
- You'll be required to sign a Reservation Agreement if you are the successful bidder on a property. This reserves the property for you and commits both the seller and yourself to complete the purchase, giving security to both parties.

Auction provides an alternative to Private Treaty

Private Treaty

Private Treaty usually involves the negotiation of a selling price, which can allow more time for the seller to consider offers. Exchange and completion can take place at any time so it can mean a longer legal process. It is open to all types of buyers as there is time to arrange a mortgage or other finance. With Private Treaty, the seller typically pays the Estate Agent commission to sell their property.

Things to consider as a buyer:

- The seller may change their mind and accept another offer even after they have agreed to a sale
- As there is typically no legal preparation done upfront by the seller's Solicitor before a sale, the legal process can take a long time.
- If you're in a chain Private Treaty may be a better option than auction as there are no set timescales.

Benefits of buying through auction



COMPLETE FASTER

Auction sales offer a quicker completion vs. Private Treaty where it can take 100+ days to complete. Auction provides fixed completion timescales of either 28 or 56 days from receipt of draft contract.¹ This means you can plan your move more easily.



QUICK AND EASY BIDDING

We know life is busy, that's why we pioneered online auctions so you can bid from the comfort of your home, 24 hours a day, 365 days a year.



BUY WITH A MORTGAGE

Our Modern Method of Auction option (MMoA) provides an extended timescale of 56 days from receipt of draft contracts for completion (vs. Traditional Auction where the timescale is 28 days) giving you time to arrange a mortgage.²



ADDITIONAL SECURITY

The buyer and seller enter a binding Reservation Agreement, committing them to completing the purchase. Because bidding activity is visible to all interested parties, it offers complete transparency in comparison with buying through Private Treaty.



TRANSPARENCY

A Property Information Pack is available to interested parties upfront. These packs contain material information about the property to allow you to make an informed decision before placing a bid such as Title Documents, Water and Drainage Searches, Local Authority Searches and other useful information.

¹ based on standard property types.

² subject to lending criteria, affordability and survey.

The process

You've decided to buy a property at auction – let's get started!



1. SEARCH

Auction properties can be found on major property search engines, or advertised with our Estate Agency Partners. You can also search on www.iamsold.co.uk



2. VIEWING

We would always recommend viewing any property you are considering. You can book your viewing through the Estate Agent and afterwards the **iamsold** team will be in touch to discuss your feedback and potential interest in bidding.



3. BUYER INFORMATION PACK

If you plan to bid, you need to carry out your due diligence before proceeding. To help you, each property has a Buyer Information Pack and we highly recommend that this information is reviewed carefully before bidding. It's also advisable to review the pack with your Solicitor. To download the pack, you will first need to create an account on www.iamsold.co.uk



4. SALE METHOD

Information will be available about how your chosen property is being sold; this will either be via Traditional or Modern Method of Auction.

You'll need to ensure you can meet the requirements of the auction method before bidding, specifically ensuring you have the necessary funds available for any deposit/fees.



5. BIDDING

You need to register before you can bid. Click the link on the property details page and follow the easy steps online. Once approved, you can place bids. Watch the auction and see all live bidding activity so you don't miss out if you are outbid!



6. YOU ARE THE WINNING BIDDER

Depending on the method of auction, you'll have either 28 or 56 days from receipt of a draft contract to complete the purchase. Our friendly team will also contact you to carry out an ID check.

DEPOSIT/FEE

In both cases you need to pay a Reservation Fee or Deposit to reserve the property. You will also need to instruct a Solicitor to act on your behalf.

EVIDENCE

You'll also need to evidence how the purchase will be funded. This will be required before exchange can take place.



7. NEXT STEPS

Our expert Completions team will help to progress the sale, keeping you updated every step of the way.

“Excellent service thanks
for making my purchase a
smooth one.”

Priscilla N, Buyer

“Fantastic service, I was
kept informed all of the
way very professional”

William W, Buyer

Referral arrangements

Your Estate Agent and the Auctioneer may recommend services of third-party suppliers to you and may receive payment for the recommendation. Whilst these services are recommended to be of benefit to you, you are under no obligation to use any of these services and you should always consider your options fully before services are accepted. Where any such arrangement exists, you will be made aware of the arrangement and advised of any payment that will be received prior to services being taken.



FAQ

Check out some of our most frequently asked questions.

How long does the auction last?

This can vary much depend on the seller's circumstances or the level of interest generated in a property during the Pre-Auction Marketing period. Properties may end up live for a matter of days through to a matter of weeks. We would highly recommend registering your interest against the property via the Watch List facility and making sure that you have viewed the property. Our Auction Specialists will keep all interested parties updated and should the vendor decide to end an auction, or accept a bid prior to the end of an auction, then they will communicate this. If we are unaware of your interest in a property it is difficult to communicate any changes in circumstance.

How do I place bids?

Firstly, you will need to register with us and a link to do this can be found on the property detail pages of our website. Once you have completed the registration and have been approved, you will be sent an email confirming that you are registered to bid and able to place bids online. We would recommend that you have viewed any properties in question and looked through the legal information supplied within the Buyer Information Pack for each Lot.

Can I place bid at any point during a process?

Bids, or offers, can be placed at any stage during an auction process. Even if the property is in "Pre-Auction Marketing" status, although you would need to consider that the Buyer Information Pack has not been signed off. By law we must put any offer that is made forward to the seller. It is then up to the seller to decide if they want to consider the offer and take the property out of the auction early. In this scenario the Reservation Fee is still payable, and the Terms and Conditions of the auction still apply.

Is my bid binding?

In the Modern Method of Auction, the bid obliges you to pay a Reservation Fee and sign the Reservation Agreement to grant an exclusivity to the property. It does not bind you to buy the property but reserves you the right to exchange contracts and complete on the property at the agreed price within 56 days of draft contracts being received by your Solicitors. With the Traditional Method of Auction, once your bid has been accepted, or auction has been won, then you are required to exchange contracts and pay a 10% deposit alongside the Reservation Fee. Completion is generally expected within 28 days of exchange.

How are you paid?

This will depend on the terms that the vendor has chosen. Predominantly, the buyer pays a non-refundable Reservation Fee when the auction is successfully concluded. The fee is held by iamsold to reserve the property to the buyer and show their commitment to the purchase. It is later used to pay the Estate Agent and Auctioneer who work in partnership to provide the auction.

Why would someone pay a fee to purchase a property?

Usually, the vendor chooses for the buyer to pay the Reservation Fee as a sign of commitment and agreement to the auction terms. As the vendor does not have to cover this cost, they are aware that the buyer is required to consider this on top of a purchase price. Most vendors have decided to use the auction method due to past experiences on the open market or are motivated by security and speed of sale over potential price achieved. When looking to buy a property most people will look at a total purchase price with the fee included and all of the lots available through our online auction are priced realistically to sell. As the buyer, as well as paying the Reservation Fee you also sign a Reservation Agreement which provides commitment between yourself and the seller to complete the transaction, reducing the risk of a sale not completing. The seller is also bound by the same terms.

Will paying a Reservation Fee increase my stamp duty liability?

Current HMRC policy is that the chargeable consideration (monies or monies worth) for a land or property transaction is what has been given (either directly or indirectly) in order to acquire the subject - matter of the transaction, by the purchaser or a person connected with them. This includes fees which have to be paid in order to acquire the property. This means that whatever the buyer pays, it will form part of the purchase price for the property and it will be included in their liability for stamp duty. In all circumstances we would recommend discussing this with your chosen Solicitors prior to committing to a bid.



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The Auction Department is the Trading Name of iamsold Ltd.
Registered Company in England and Wales,
Company Number: 7051399 VAT REG: 319160025