

Buyers guide to online auctions

Have you found a property/section you want to buy? What happens next? The property is being sold by online auction so how do I make sure that I am the successful bidder. What is an online auction? Let's go through a few questions that you may have....

What is an online auction?

An online auction is a method of selling to the person who bids the highest, the person who is prepared to pay the most! It is an open process whereby keen buyers bid against each other online via www.proppy.co.nz. Once the reserve price is reached, the property is then on the market and will be sold to the highest bidder.

What are the benefits of buying via online auction?

- **Online** – You can access the online auction anywhere as long as you have internet.
- **Unconditional** – You must bid on an unconditional basis with no conditions so if you are successful at online auction there is no chances of losing the house to another buyer.
- **You are in control** – bid from the comfort of your home with the support of your family or friends. Bid confidently
- **Options** – You are able to put in a pre-auction offer before the online auction starts. Please take a look at our pre-auction offer guidelines.
- **Auto-bids** – buyer can set auto-bids and then sit back and relax while Proppy increases your bid to keep you in the lead.
- **Convenient** – online auctions are at convenient times and last for 24 hours so you won't have to take any time off work to participate.

Before you can bid at an online auction you need to do a few things....

1. View the property
2. Review all documentation such as LIM, title, S&P agreement
3. Get a building inspection completed if required and you are certain you will be bidding at the online auction
4. Complete all your due diligence
5. Get your finances in order – speak to a mortgage advisor.
6. Create a login on www.proppy.co.nz
7. Complete the Auction Registration form on the listing page
8. Verify your identity online at propmy.co.nz (NZ Passport or NZ drivers license)
9. Read the [REA Sale and Purchase agreement guide](#)
10. Read the [Proppy Buyers Agreement](#)
11. Make sure that you are available for the online auction
12. Know your top limit you are prepared to pay for your new home
13. Get ready to bid

How to prepare for auction day.

1. Research the property thoroughly as online auctions are unconditional. One you have been successful at the online auction you are required to go through with the purchase. Research should include and not be limited to the following:
 - Work out the value of the property
 - Do a title search
 - Get council information
 - Check the house, land and spend some time in the street and neighbourhood making sure you are comfortable with the area
 - Get a pre-purchase building inspection report
2. Speak to the local propy expert who is selling the property and let them know you are interested in participating at the online auction. They will give you guidance and help prepare you for the online auction.
3. Confirm the settlement date and the deposit with the local propy expert/salesperson. Note you can request a different deposit or settlement date but these need to be agreed before an online auction commences and a variation to the agreement is completed.
4. Understand the pre-auction offer process & ask for the guidelines around this if you would like to submit a pre-online auction offer
5. Have a buyer strategy for the day – bid strongly, choose different bid amounts, bid confidently, use the auto-bid functionality!

What to expect on auction day?

1. The online auction runs for 24 hours so when the auction is due to start make sure you are logged into Propy.co.nz
2. Find the house you are wanting to buy on propy.co.nz
3. Place a bid in the appropriate box
4. On your first bid you will be asked to acknowledge that you have read and understood the Propy Buyers Agreement and the REA Residential Sale and Purchase agreement guide. Please make sure that you review these documents before the online auction commences
5. Bids – can be set at any number you wish above the set increment level. The increment level will change at different times of the online auction. For example, at the beginning of the online auction you may be asked to bid in \$10,000 amounts or higher and then near the end of the auction it may decrease to \$500 or lower. If you use the auto-bid functionality, bids will increase in increments of \$500 until you reach your auto-bid limit.
6. If there is a bid in the last three minutes the online auction will auto extend by a further three minutes until there are no more further bids.
7. There are no vendor bids at a propy online auction

What happens if I am successful at online auction?

1. If you win an online auction you will be notified online and also by email. You are then asked to sign the sale and purchase agreement online. Once you have completed the sale and purchase agreement the seller will be asked to sign the sale and purchase online and the transaction is completed. Final copies of the documents are emailed to all parties
2. Your local propy expert will then make sure that your lawyer and the buyers lawyer receive a copy of the executed sale and purchase agreement.
3. Pay the deposit for the property immediately upon being successful at online auction
4. Put the sold sticker up and celebrate!
5. Prepare for settlement – the packing begins along with your next chapter in your life!

What happens if the property doesn't meet reserve at online auction?

1. Propy will email the seller and let them know that their reserve hasn't been met and will invite them to negotiate online with the highest bidder
2. Propy will email the highest bidder (hopefully you) and invite you to the price negotiation screen online
3. Online negotiation will be open for 2 hours only so if you really want the property it is a good idea to negotiate in this 2 hour window.
4. If you can't negotiate in this 2-hour window after the online auction has finished, please speak to the local propy expert selling the home.
5. When you make an offer, the sellers window will automatically update with the price and the seller will be able to accept or counter the offer by clicking on the appropriate button. If the seller clicks the accept button, then the deal is made. The system will then create the digital sale and purchase agreement for you to sign online
6. Follow the prompts online to sign the sale and purchase agreement
7. Once the sale and purchase agreement has been signed you will be emailed a copy and your lawyer will be given one also.
8. If there are no bids, or the 2 hour window doesn't result in an agreement the online auction is terminated. The online auction turns directly into an offline negotiation state. The seller will be contacted by Propy on next steps on how they would like to proceed and you can ask to be kept updated on the sale.