

Agent FAQ's

Common questions and answers on using the process in the real estate industry

1. What is Open Negotiation?

Open Negotiation is a method of sale which takes the best parts of auction, private treaty and closing date sale and blends them into one, streamlined process. This process creates a competitive environment and allows complete transparency for all terms accepted buyers to not have to miss out on a property because they didn't know what price they had to beat.

2. Why would a seller start the Open Negotiation early?

A seller would likely start an Open Negotiation early when several bidders are Terms Accepted and the Reserve Price has been reached during the Campaign Bidding Stage. The transparency of the process provides real time feedback to the seller on the price and interest in the property throughout the campaign period, so when the reserve has been met they may start the Open Negotiation early to keep the current Terms Accepted bidders engaged.

3. Where are the owners during the process?

The owners will generally be sitting with the Agent throughout the Final Bidding Stage. This allows direct discussion with the seller regarding any change in reserve price and bidding increments and to sign off on the final purchase price that is determined by the bidding on the Openn App.

4. Why is a competitive environment important?

Open competition is not only important for the sellers to see where the market really is for their property but it is also important for the buyers. Human behavior around any purchase is that if we think that there is no competition we want to pay as little as possible. However, under competition and the ability for someone else to see what they are prepared to pay, you can legitimately justify that the price is fair and from there you can justify what you are willing to spend.

In a normal sales situation when you have no idea of what price needs to be beaten you are left to a situation of guessing what you think someone else may pay, yet you will rarely risk spending all you have given the danger of paying too much. With Open Negotiation the playing field is level for all participants and you can choose what you are willing or can afford to pay because it is an active process with all buyers competing for a property at the same time.

5. A buyer doesn't want to get involved in a 'Dutch' auction.

What most people are worried about with shared or open priced negotiation is that they will be disadvantaged by the Agent by them not giving both buyers fair opportunity to buy the property. With Open Negotiation this simply can happen once someone is a "Terms Accepted" buyer. The major benefit for buyers in this process is that once registered they can't be kept in the dark about other buyer's prices and have every opportunity to better the price and secure the property they have their heart set on. In all other methods (except auction) if there is more than one buyer, the buyers are kept in the dark with what exactly the other buyers price is.

6. A buyer just wants to buy it now and put in an offer.

With Open Negotiation there are three options if you want to buy it now:

- Ñ Be the first person to register and put in a price that the seller may accept (above the seller's reserve price). With no other competition, the seller may accept your bid and you secure the property
- Ñ If there are other bidders, you can try to make a bid high enough to knock the other bidders out of the competition and put the price above the reserve price. The seller can then choose to start the Open Negotiation early.
- Ñ As the terms accepted buyer you may press the Buy It Now button and accept that price to avoid any open competition.

7. What if a buyer doesn't want to wait till the end date?

Should a buyer wish to bring forward the Open Negotiation, there are two strategies. Firstly, by clicking the Buy it Now button, the property can be purchased at that price. Alternatively, to reduce the competition from more bidders registering, the best strategy is to put forward a bid that will reach the sellers reserve price which will likely result in the seller bringing the negotiation forward with the existing registered bidders.

8. What are the benefits of Open Negotiation I can state to an owner at a listing appointment?

With all other methods of sale there is a high level of consumer rejection either due to lack of transparency or mistrust of agents. Worst of all in private treaty there is no clear and legal way to openly share other buyer's prices without creating a Dutch auction and an unfair sales environment. With Open Negotiation no buyer need miss out from not knowing what price they need to beat. This benefits the seller and the buyer. Open Negotiation is the best way to maximize competition for the property.

9. Why do you use a 4 week campaign period?

We use a traditional four-week sales process to try and gain as much interest as possible. By restricting it to four weeks we can drive demand and gain the best possible price in a shorter timeframe than some of the more traditional methods. By creating an end date, buyers must act if they want the property.

10. Can the sellers bid?

No, under the terms and conditions of an Open Negotiation the seller is not allowed to undertake a vendor bid, or cause a bid to be made on their behalf.

11. Where am I as a buyer?

The buyer can be located wherever they wish to be, home, office etc, as long as they have appropriate access to the internet and / or Wi-Fi.

12. What if I am not available?

Like any other form of sales process, there is an onus on the prospective purchaser to make themselves available at the time the sales process is undertaken.

13. What if the technology breaks down?

Under the contract conditions if the technology should break down for whatever reason then you will be required to cancel the Open Negotiation and reschedule it.

14. What is a buyer signing?

Terms Accepted bidders sign a full legal contract to purchase the property. The conditions acknowledge that should a bidder place the highest bid above the reserve price, will have purchased the property at that price. The Auctioneer will then sign off on their behalf to complete the contract.

15. When does the buyer pay the deposit?

The amount and timing of payment of the deposit will be addressed in the Terms and Conditions of sale that are submitted to the seller for acceptance. We advise making recommendations to the bidder as to what would be acceptable to the owner, generally with a portion to be paid within 3 days of the Open Negotiation being completed, and the balance of the deposit 7 working days thereafter.

16. If it starts early, what notice does a buyer get?

If the seller decides to bring forward the Open Negotiation Final Bidding Stage, all Terms Accepted bidders will receive a minimum 12 hours notice of the new date and time.

17. How does a buyer get notified?

Terms Accepted bidders will receive an email as well as a push notification from the Openn App. We advise that the Agent will also call the Terms Accepted bidders directly to notify them.

18. Can we stop the Buy it Now button.

Yes. You set the Buy it Now start price and the Buy it Now end price before the Campaign Bidding Stage starts. At any time you may remove the Buy it Now price simply by removing it from the Agents screen.

19. Does the buyer have the Buy it Now price?

No. If the Agent or the Seller does not want to run a reducing auction during the campaign stage using the Buy it Now function, they simply do not fill in these fields when setting up the Open Negotiation.

20. What are Observers?

Observers are individuals who are interested in downloading the Openn App and watching the Open Negotiation process you are conducting. Observers is an excellent marketing tool for you to generate interest in the property, and attract both potential buyers and potential sellers. When listing an Open Negotiation, you will receive 400 complimentary Observer tokens, valued at \$800. These can be sent to your database, particularly those who may be interested in buying the property, or those who have a similar property and might be considering selling. The property will also be exposed to potential buyers and sellers who you may not be aware of, who download the Openn App and pay \$2 to watch the Open Negotiation.

21. Who pays the \$400 + GST and what do I get?

The \$400 fee for conducting an Open Negotiation through the Open App is paid by the Vendor under Vendor Paid Advertising. This covers the cost of downloading the property onto the Open Negotiation web portal, advertising the property on the Open Negotiation web portal, and managing the sale through the Openn App. As the listing Agent you receive 400 complimentary Observer tokens, valued at \$800. These can be sent to your database, particularly those who may be interested in buying the property, or those who have a similar property and might be considering selling.

22. Can we change the reserve price?

Yes, the reserve price can be changed. It may be changed upward or downward during the Campaign Bidding Stage. During the Final Bidding Stage it can only be amended downward to ensure the legitimacy of the process is not compromised.

23. What if it doesn't reach reserve?

If it doesn't reach the reserve price, then you have the right to negotiate with parties who have indicated interest in the property.

24. What if a buyer pulls out?

As with any sales process, if the buyer does not wish to participate, they can pull out any time prior to having their offer accepted by the seller.

25. Does a buyer have to bid once they are registered?

To take part in the Open Negotiation process a buyer is required to place an opening bid via the Open App during the campaign stage. Should they wish to make a further bid in the Campaign Bidding Stage they simply do so by clicking the Improve Bid button. During the Final Bidding Stage they can bid simply by clicking the Make Bid button. Once they have made their opening bid they are under no obligation to make further bids.

Some other advantage of Open Negotiation

- Open Negotiation can reduce time on market – which is a win win for agent and seller.
- The property owners sits in the room with the agent in the final bidding stage and ensures that everyone is across what is happening throughout the Open Negotiation process. This also allows that if a new reserve price needs to be set there is no additional running around to finalise the deal.
- The seller sets the reserve price dependent on what they are comfortable with.
- The buyer is also in a position of power as it is up to them as to how much they want to bid and what they can afford. If it is beyond their budget they can withdraw from the process knowing they have done everything in their power to secure the property. This also shuts down the perception that the process will drive the price of a home higher than what it's worth as a home is worth whatever the highest bidder is willing to pay for it.
- The Owner is obligated to take the highest bid above the reserve price no matter if it is finance or a cash offer. They cannot pick and choose as they have set the Terms and Conditions of sale with their agent.
- Agents can't use the Open Negotiation process if they haven't completed the training to become accredited to use the Openn app.
- A registered qualified Auctioneer must be present during the final bidding process.

Pitfalls

- Bargain hunters won't like the process as they will most likely not achieve a bargain sale.