

Buyer 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. What are buyer accepted Terms and Conditions?

At the outset, interested buyers make formal registration with the Real Estate Agent, clearly stating their proposed sale conditions such as finance clauses, deposit amount, settlement period and any other conditions they wish to include as part of the sale. The buyer's registration is complete once the seller agrees to all their terms and conditions and only buyers who have completed this stage are allowed to engage in the Open Negotiation process. At this point, the interested buyer will be requested to submit their starting price for the property on the Openn app – this does not have to be their highest price however it commences the bidding process. As the number of registered buyers is accessible to all parties, this creates confidence about the level of market interest in the property. The Openn app and agent informs all buyers of each new price that is submitted which gives everyone the chance to increase their offer if they wish to. Buyers may stop bidding and withdraw at any time.

3. What is the benefit of registering and submitting my Terms and Conditions early? Should I wait and see how many others register?

If you hold off registering, you risk the possibility of Open Negotiation starting early and being unable to participate. Once you register you can withdraw at any time up until the property has sold to another party – you are in complete control. The only downside is if you fail to register and the property sells at a price which you could have afforded.

If your Terms & Conditions are accepted, the property cannot be sold without your knowledge. Throughout the whole process, you will be advised as to where the pricing of the property sits and therefore what price you will need to beat to secure the property. You will know where the current bid is throughout the campaign and the control rests with you as to whether you want to improve on your bids to try and knock out other buyers.

4. Do I only get one bid?

You may place as many bids as you like to successfully purchase the property. Smart buyers quickly work out that making bids **above** the agreed bid amount can show confidence and sometimes knock out other bidders early or may also discourage other potential bidders from registering, hence reducing competition in the Final Bidding Stage.

During the Final Bidding Stage, each time someone bids, the bidding clock resets and allows two minutes for any other bidder to make their next bid. You can't bid against yourself, but you can try to knock other bidders out by bidding a significant amount above the agreed bid amount.

You can decide to increase and decrease the amount that you wish to bid if it is above the minimum bid amount.

If the agent sees the bidding slowing down, they can reduce the bidding amount. When the bid is improved, the 2-minute clock restarts to give all buyers a chance to bid at the lower bid amount. Once the property is past the reserve price it will sell to the highest bidder when the bidding stops and the clock runs out.

The two-minute clock is designed to give buyers multiple bids and provide plenty of time for you to determine your next bid.

Note that the agent, who is usually sitting with the owner, can pause the negotiation if required and speak to the owner to:

- ☐ Set new bidding increments;
- ☐ To determine when the home meets the reserve or reduce the reserve if required;
- ☐ To call the buyer direct to encourage an additional bid or to determine if you are out of the process.

5. 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 also for buyers to know as well. Human behavior around any purchase is that if we think that there is no competition we want to pay as little as possible. However, with open competition and the ability for you else to see what others are prepared to pay, you can legitimately justify that the price is fair and from there you can justify if you are willing to pay more.

In most sales situations when you have no idea of where the price is expected, 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 openly competing for a property at the same time.

6. I just want to buy it now and put in an offer!

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

- ☐ 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.
- ☐ 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.
- ☐ As the terms accepted buyer you may press the buy it now button and accept that price to avoid any open competition.

7. How do I know the bids are legitimate?

Each "Terms Accepted" bidder has signed a full legal and binding contract, with the only part of the contract missing being the price. The price can only be determined by the Open App. Under the contract signed by the bidders, the final contract price is signed off by the Agent/ auctioneer on their behalf.

8. Can I practice on the App?-

Yes. There will be a practicing area on the website and Openn app that allows buyers, sellers and agent to practice the use of this very simple to operate technology.

9. Can the sellers bid?

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

10. Where am I as a buyer?

You can be located wherever you wish to be, home, office etc, as long as you have appropriate access to the internet and / or WIFI.

11. 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.

12. What if the technology breaks down?

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

13. What am I signing?

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

14. When do I 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. The Agent will make recommendations to you 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.

15. If it starts early, what notice do I get?

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

16. How do I get notified?

Terms Accepted bidders will receive an email as well as a push notification from the Open App. Agents will likely also call you to notify you directly.

17. Do we have the Buy it Now price?

No. If the Agent/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.

18. What if it doesn't reach reserve?

If it doesn't reach the reserve price, the Agent has the right to negotiate with all registered parties who have indicated interest in the property.

19. What if I want to pull out?

As with any sales process, if you decide you do not wish to participate, you can pull out any time **prior** to having your offer accepted by the seller. If your offer has been accepted by the owner and agent, you cannot pull out.

20. Do I have to bid once I am registered?

To take part in the Open Negotiation process you need to place an opening bid via the Openn App during the campaign stage. Should you wish to make a further bid in the Campaign Bidding Stage you can do so by clicking the Improve Bid button. During the Final Bidding Stage you 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.