

## **Seller 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. 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, 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.

#### **4. Can a seller accept a cash offer over a subject to finance offer?**

No, the whole premise of having buyers Terms Accepted is that it allows the maximum possible number of buyers by creating a level playing field. The cash buyer is generally seeking to get a "discount" for being cash, but if the seller is happy with the terms of the other bidders, then all bidders are considered "equal".

It's important when setting the terms and conditions of sale with your agent you are clear as to what you will and won't accept ie. length of settlement, offers subject to finance, deposit amount or any other item you consider important. It is vital that you work closely with your agent to set these terms or ask for their advice as to what is fair and equitable.

#### **5. Where will I be during the process?**

You will generally be sitting with the Agent throughout the Final Bidding Stage. This allows direct discussion 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 Open App.

#### **6. What happens 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 and 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 seller's reserve price which will likely result in the seller bringing the negotiation forward with the existing registered bidders.

#### **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 sale price. The sale 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. If they only need to be the best bidder, can I get more with an end date sale?**

Time and time again we have buyers in the more conventional sales process (such as a closed bid end date sale) say they are making their best and final bids to try to knock other buyers out of the competition but fail to do so as they don't know what someone else is bidding. When agents have gone back to buyers and advised them on the final price, many have said they would have paid more to secure the property if they had known. In a selling environment, such as Open Negotiation, buyers will tend to pay more due to the competitive landscape and being able to push their own financial limits as they can actively see what people are willing to pay for a property.

#### **9. Can I place a vendor/sellers bid on my property to try and drive the price higher?**

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

#### **10. Can anyone observe the Open Negotiation process?**

We have included an Observers function with the Openn app. Your agent can invite those individuals interested in viewing the process. This function also has the potential for the property to be exposed to potential buyers that your agent may not be aware of.

#### **11. 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.

#### **12. What if it doesn't reach the reserve?**

If it doesn't reach the reserve price, your Agent will negotiate with those parties who have indicated interest in the property.

#### **13. 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.

#### **14. Once the property reaches the reserve price and is in the final bidding stage are we obligated to take the highest bid regardless of whether it is a finance or cash offer?**

Yes, you are required to take the highest bid no matter if it is finance or a cash offer. You cannot pick and choose as the Terms and Conditions of sale were set and agreed to with your agent prior to the Open Negotiation process commencing.

#### **Some other advantage of Open Negotiation...**

- Open Negotiation can reduce time on market – which is a win win for an Agent and Seller.
- By having property owners in the room with the Agent it ensures that everyone is across what is happening throughout the Open Negotiation process. This ensures that if a new reserve price needs to be set there is no additional running around to finalise the deal.