

# Pam Golding Auctions

## BUYER Q&A



POWERED BY | BidX1.

**What is the difference between buying on auction versus the traditional way?** In simple terms, a normal (private treaty) sale starts at the listing/asking price, set by the seller and agent, and over an unknown period of time (from 1 – 3 months or even longer). Prospective buyers then make offers, more often than not below asking price, thus driving the price DOWN to the level that buyers are prepared to pay and the seller is prepared to accept.

An auction is a sale at a particular point in time with an immediate result. Advertising starts at a lower 'opening bid' price to attract buyers to the property with the prospect of excellent value, and on auction day these buyers then bid the price UP to what the most committed/winning bidder is prepared to pay and the seller is willing to accept.

**How does the opening bid and the reserve price work?** The opening bid is the price at which the property is advertised for auction, and where the bids start on auction day. The price is then driven up by buyers, and the hammer falls when the highest bid has been achieved at the closing time of the auction.

The reserve is the minimum price the seller is prepared to accept, although all bids, regardless of achieving reserve or not, will be presented to the seller and are subject to seller acceptance. The buyer will be notified after auction if the seller accepted the winning bid.

**What will it cost me to take part in the auction?** To register for the auction, buyers need to pay a guideline registration fee of R12,500 for properties below R500,000 and R25,000 for properties exceeding R500,000, although the specific fee can vary and will ultimately be property dependent and confirmed per auction lot. 48 hours after auction, the winning bidder needs to secure the sale with a 10% deposit, and the balance of the purchase price must be secured within 30 days of auction.

The registration fee of underbidders will be refunded immediately after auction.

**What documents will I require to register for the auction?** BidX1 will require you to upload your proof of identity and proof of residence, as well as the registration fee.

**Can I buy subject to finance?** To ensure that we maximise the auction opportunity, we are not allowing buyers to purchase the property subject to finance. This does not imply that buyers cannot arrange finance before auction at their own risk, they just cannot use finance as a suspensive condition to cancel the sale. Buyers who do not perform will lose their registration fee if they cannot pay the 10% deposit within 48 hours of auction and will forfeit their deposit if they cannot secure the balance purchase price within 30 days of auction.

It is important to note that all final bids are completely non-suspensive and therefore fully binding on the purchaser at the 'fall of the hammer' on the day.

**Will I be able to view the property and legal documents before auction?** All relevant legal and other documentation relating to the property will be available on the BidX1 website before auction. Buyers will also be able to view the property before auction, by arrangement with the listing agent or at advertised showdays.

Due diligence is an important part of the buyer process because the online auction sales are unconditional from the buyer's perspective – once a property is sold, a legal contract has been formed and the buyer is legally

obliged to complete the purchase. All final bids are however subject to acceptance by the seller, irrespective of the reserve having been met.

**Will PGP present the auction themselves?** No, the auction platform itself will be provided and run by Bidx1 – an established international auction company with a successful track record and international buyer base. Bidx1 has developed a sophisticated online platform to maximise buyer engagement while maintaining full transparency, allowing all parties to fully engage in the auction feeling from the comfort of their homes and on mobile devices.

**How does the bidding process work?** Once bidding opens on the auction day, all registered bidders are free to place bids on their chosen properties. Although bidding on all properties will open at the same time, each lot will have a different closing time - make sure to check the closing times on your chosen properties so you're ready to go on the day.

Bidding is live and takes place on the relevant property page – the same page you've been visiting to get information about the property and to register for bidding.

The sale process is fully transparent: all bids are logged and displayed on the property page in real-time, and we'll notify you on screen when you're the highest bidder - so you'll know exactly what's happening at all times. Every bidder and their bids are visible, although there's no need to worry about privacy – bidders are only identified by a number.

**Can the system automatically bid on the buyer's behalf?** If you don't want to place bids manually, you can set a Maximum Bid. In this case, the computer will enter bids for you – but only to maintain your position as the winning bidder and only up to the maximum amount that you've specified. Your Maximum Bid can't be viewed publicly, so only you will know how high you're willing to go.

Each lot has a separate closing time which will be listed on the property page. Don't worry, it's not a case of 'fastest finger first' as the clock runs down. If a bid is placed within 60 seconds of the closing time, an additional 60 seconds will be added to the clock. We call this an Extension Period, and it gives everyone a fair and equal chance to place an additional counter-bid if they wish to do so. This extension will continue until a full 60 seconds passes with no bids being placed.

**What happens after the auction has closed?** Once bidding has closed, all offers are presented to the seller for acceptance. If you were the highest bidder and your offer was accepted, you will need to arrange payment of the 10% deposit (incl the registration fee paid) within 48 hours of auction. The balance of the purchase price will have to be paid within 30 days of auction, and after that a normal transfer will commence.

The registration fees of all underbidders will be repaid after auction.

**Who will draft the Offer to Purchase?** Both the seller and all potential bidders will sign a power of attorney prior to the auction to allow Bidx1 to draft the offer to purchase in the event that the winning bid is accepted by the seller. As Bidx1 facilitates the auction they will conclude the offer after auction, and provide Pam Golding Auctions with the relevant copies for all parties.

**Can I buy the property before auction i.e. after the catalogue has gone live?** Yes, you are able to make an offer on the property before auction. If the seller wishes to accept the offer, Bidx1 will open up the auction on the platform specifically for you to place your bid, and then close the platform immediately thereafter – i.e you will take part in a private auction. You will still have to buy subject to the auction conditions, including payment of the 2% buyers fee and the 10% deposit, with balance purchase price to be secured within 30 days of auction.

Once the catalogue has gone live, no deals can be done independently of BidX1 through Pam Golding Properties.

**What happens if the reserve is not met on auction day?** If the reserve price is not met on auction day, we will engage with the seller and final bidder (plus all the underbidders) to try and close the gap between the bids and the reserve. Should the seller wish to accept an offer below reserve they are free to do so and the sale will proceed as normal via the BidX1 platform. If the reserve cannot be achieved and we are unable to close this gap, the seller will have no obligation to accept the bid.

**Will the reserve price be displayed to potential bidders?** No, only the opening bid price will be disclosed to the market.

**What happens after auction?** Once the winning bidder has paid the 10% deposit within 48 hours of the auction, the transferring attorney will receive the instruction to start the transfer and the balance of the deposit after commission has been paid. From then the transfer will proceed as per normal.

**What happens if I find that the property is not what I had in mind. Can I cancel the sale after auction?** During listing we will upload all legal documentation and relevant listing information to support the buyer in their due diligence process, and the buyer will be able to view and inspect the property. On the auction the property is sold voetstoots so buyers are not able to cancel the transaction for any reason.

**Everything sounds great. Where do I start?** You can contact either the Pam Golding agent or the Bidx1 broker who will assist with any questions you have regarding the property listing, and also to arrange a viewing of the property before auction. Should you wish to proceed you can register as a buyer on the Bidx1 website to view the due diligence documents, and then take part in the auction as explained above.