

Pam Golding Auctions

BUYER Q&A



POWERED BY BidX1.

What is the difference between buying on auction versus the traditional way? An auction is a sales event that happens on a particular date, ideally delivering an immediate result to both Buyer and Seller on the day. Properties are priced to sell by committed Sellers, this normally well below prior list price, therefore being very competitive in the current market. Buyers can either make a pre-auction offer that will be presented to the seller for consideration, or they can wait and register for the auction itself and then bid against other buyers on the auction day. When the hammer falls the property is awarded to the highest bidder on a non-suspensive basis (i.e completely unconditional) and their offer is then presented to the seller for final acceptance.

How does the guide price, the opening bid and the reserve price work? The Guide Price is the price at which we start advertising the property when the catalogue first goes live, approximately 4 weeks prior to the auction, to give buyers an idea of the price range they should consider when making pre-auction offers.

The **opening bid** is the price at which the property is advertised the two weeks prior to auction, and where bidding starts on auction day. This is an extremely competitive price, which is then driven up by bidding activity and the hammer falls when the highest bid has been achieved at the closing time of the auction.

The **reserve price** is the minimum price the seller is prepared to accept, although all offers/bids, regardless of achieving reserve or not, will be presented to the seller for possible acceptance. The buyer will be notified after auction if the seller accepts the winning bid. The reserve price is not disclosed to the market.

Can I buy the property before auction i.e after the catalogue has gone live? Yes, you are welcome to make a pre-auction offer. You can discuss this directly with the selling agent who will assist you with putting in your written offer for the seller's consideration. You will still have to buy subject to the auction conditions, including payment of the 2% buyers fee and the 10% deposit, with the balance of the purchase price to be secured within 30 days of auction.

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. The winning bidder will pay BidX1 a 2% bidder's fee, and a 10% deposit within 48 hours after auction (which will include the registration fee). The balance of the purchase price must be secured within 30 days of auction.

The registration fee will be refunded immediately after auction in the instance that your bid was unsuccessful.

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

Can I buy subject to finance? To ensure that we maximise the auction opportunity, we prefer not to allow buyers to buy subject to finance, unless it is specifically agreed with BidX1 and the seller beforehand.

Unless finance has been agreed by prior arrangement, 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 of the 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 show days on both the Pam Golding Auctions and BidX1 websites.

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 day themselves? No, the auction platform itself will be provided and run by BidX1, albeit fully automated online and live on the day. BidX1 is 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 excitement of the auction from the comfort of their homes and on mobile devices.

How does the bidding process work? Buyers who elected not to make a pre-auction offer will bid against each other on the auction day. Once bidding opens on auction day, all registered bidders are free to place live bids online on their chosen properties. Although bidding on all properties will open at the same time several hours prior, each lot will have a different closing time - make sure to check the closing times on your chosen properties.

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 last bid or 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? In the event that a pre-auction offer is made, the selling agent (either Pam Golding Auctions or BidX1) will assist the buyer to make an offer to present to the seller.

For properties sold on auction, 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 should the winning bid be accepted by the seller. As BidX1 facilitates the auction day they will conclude the offer after auction, and provide Pam Golding Auctions with the relevant copies for all parties.

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 and the registration fee of all bidders will be refunded immediately.

Will the reserve price be displayed to potential bidders? No, only the guide price and, subsequently, 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, whereafter the transfer will proceed as per normal.

Can the buyer appoint a transferring attorney? Although the buyer is free to request a specific transferring attorney, it is the seller's right to appoint their preferred firm to attend to the transfer.

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 via the property listing on either of the 2 websites, who will then 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 either make a pre-auction offer (which will be facilitated by the selling agent, or register as a buyer on the BidX1 website to view the due diligence documents, and then take part in the auction as explained above.