

*Hands Auction*

**Jim & Trevor Hands - The Voices of Experience  
Auctioneers & Qualified Appraisers - Est. 1939**

# Real Estate Auctions

## Buyers Information Package

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## **Buying Real Estate at Auction**

There is a quiet, steady and significant revolution of Buying Real Estate at Auction.

Buying real estate at auction is an incredibly exciting way of buying property. The process avoids all of the normal lengthy purchasing procedures that you usually have to endure, with the risk of everything falling through at the eleventh hour. With an auction, as soon as the auctioneer says “sold”, that’s it, the property is yours. However, it isn’t something to be taken lightly, and it definitely pays to do your research on the process.

Buyers can be confident and take comfort in the reputation of Hands Auction, as well as in the professionalism of the process and in the rules and regulations, which are called “Terms and Conditions” which govern buying real estate at auction.

Hands Auction is committed to providing you with as much information as possible on any property that we auction. We offer you this Buyer’s package in hopes that it will assist you in handling your transaction with ease and care. We want to be sure that you are well informed on auction day.

Hands Auction would like to introduce you to our Featured Property and Property Fact Sheet, which is located at the back of this package (if applicable).

### **Why Buy at Auction (Key Benefits)**

1. **Transparency/Openness:** The buyer is able to make informed decisions within the open, competitive environment afforded by the transparency of an auction.
2. **Fair market value:** The successful bidder is assured of paying fair market value and has the comfort of their price being reinforced by the last bid.
3. **Equal opportunity:** Instead of competing in the traditional closed environment, you as the buyer will have the same opportunity to buy the property as the next buyer.
4. **Control:** The need to negotiate the price with the Seller is eliminated. You set your own purchase price and compete openly with Buyers, while the Seller is effectively removed from the negotiation process.
5. **Certainty and convenience:** Long, drawn out negotiations are eliminated.
6. **Seller motivation:** You know the Sellers are motivated to sell because the auction process provides for a firm transaction on an appointed date.

## Real Estate Auctions vs. Traditional Sales Methods

Auction Marketing	Traditional Marketing
Secures a contingent free contract. (property is sold with No Conditions)	Contingencies are common. (most offers are submitted with several conditions)
Presets all conditions of the sale, thus eliminating all negotiations.	The Seller is forced to negotiate all aspects of the sale.
The property is showcased throughout the entire market place.	The property is one of many being advertised and shown.
Marketing period required is 30 days. (more time allotted if required)	Property is likely to remain on the market for several months to years.
Extensive, very visible advertising featuring your property exclusively.	Advertising is minimal, too much reliance on MLS and other brokers to find buyers.
Uses the auction concept as the catalyst to provoke buyer interest and offers.	Price reduction encouraged to attempt to create buyer interest and activity.
Eliminates the guesswork in determining the asking price for the property.	Presents a dilemma determining what to ask for the property. The seller never wants to overprice, yet recognizes the consequences of under pricing.
Seller approves marketing budget.	The broker is hesitant to aggressively advertise the property due to the uncertainty of the sale.

## **Tips for the Buyer**

You will find properties listed for sale by auction from signage on the properties, through print advertising, through your own real estate agent (yes, we cooperate fully with our fellow real estate professionals), or on our website.

Phone the auctioneer for a private viewing on the property.

At the private viewing, you will receive a Property Fact Sheet. This may include a copy of a survey, description of a home, photos and other information to help you complete your due diligence. We encourage you to view the property as many times as it takes to satisfy your curiosity. We advise that you the Buyer inspect the property carefully and draw your own conclusions prior to bidding.

A copy of the Agreement of Purchase and Sale is available upon request.

We want you to be confident about bidding at the auction. While we aim to provide you with as much information as possible, we are happy to arrange for your contractors or inspectors to view the property. Remember that auctions are final and unconditional. Begin performing due diligence – this may include researching the property at the land registry office or township offices, arranging financing, arranging a property inspection report, or other pre-purchase activities.

## **What to Expect on Auction Day**

You should obtain a Buyer's Package at a private viewing or prior to the live auction.

Auctions take place at the property, unless otherwise specified.

Auction Registration - Registration will begin one hour before the sale. There is no charge to register for the auction. To register, a prospective bidder must provide name, residence address, phone number, and a valid driver's license. By registering, a prospective bidder is acknowledging that he or she has read and agrees to be bound by the Terms and Conditions of Sale.

Absentee or advance bids are permitted but must be pre-arranged.

Deposit requirements - Remember to bring the required deposit to the auction sale. The deposit requirement is \$10,000.00 (unless otherwise stated) certified cheque or bank draft, payable to Jim Hands.

All announcements made by the auctioneer at the beginning of the auction will take precedence over any previous material or any other verbal statements made by anyone employed by, representing, or associated with Hands Auction.

If any dispute arises between or amongst bidders, the decision of the auctioneer shall be final and absolute.

How will the auction start? The auctioneer will call everyone to a common location. The auctioneer will verbally describe the property and announce the Terms and Conditions. The auctioneer will then answer any questions put forth from the crowd and he/she will answer them to the best of his/her ability. The auction will commence.

The Bidding - Everyone who registers can bid (there may be exceptions to this requirement but it shall be within the sole discretion of the auctioneer). The auctioneer will ask an amount from the crowd and he/she will lower the bidding increment until such time that a bidder indicates a bid. The auctioneer then will move at an appropriate pace to ensure that every person clearly understands the amount of the previous bid and the next increment. You have the opportunity to bid as often as you like.

Ending the Auction - The auctioneer will declare the Buyer and one Agreement of Purchase and Sale will be signed. The Buyer will provide the specified deposit and sign the Agreement of Purchase and Sales.

## **Questions & Answers**

What is fair market value ? A fair market value is often an estimate of what a willing buyer would pay to a willing seller, both in a free market, for an asset or any piece of property. If such a transaction actually occurs, then the actual transaction price is usually the fair market value. Note that the opinion of people that are not interested in buying or selling an asset has little meaning, because they are not active in the market. Thus, "market value" (which is the same for everyone in the market) is not identical to the "intrinsic value" that different individuals may place on the same asset based on their own preferences and circumstances.

Is it possible to get a bargain at an auction ? Absolutely. However keep in mind that a "bargain" is like "beauty", it is in the mind of the beholder. One person might say "That guy is nuts to pay \$500,000.00 for that big chunk of land", while the Buyer is thinking "I just got a bargain at \$500,000.00, I'm going to sub-divide it and make a profit". You can get great value buying at just one bid over the next interested party.

What is a reserve bid ? A reserve bid is a pre-determined price which is the minimum value that the Seller(s) will accept for their property. The auctioneer and the Seller(s) are the only people who know what the reserve bid is, reserve bids are undisclosed to

the public. The auctioneer has the legal right to represent his/her client in order to meet the reserve bid by bidding on behalf of his/her client.

Why are reserve bids not disclosed ? The simple reason being, that if we told you, a potential Buyer, that the reserve bid was \$300,000.00 and you became pre-approved on financing for \$300,000.00 and your top bid was \$300,000.00 and someone in turn bid \$310,000.00 and they became the successful bidder, then this would not present a fair, open-market forum for the public. After all you might have tried to become pre-approved at \$325,000.00 and have won the bid. We of course, in our opinion, can tell you what we feel the property might bring, however, the price could go lower or higher.

Can we sell your property by auction ? Yes and we would be more than glad to consult with you about auctioning your property. Remember, it costs nothing for us to come and talk to you about your property. We suggest that you request a Sellers Package from Hands Auction, underline any questions you might have and give us a call at 1-613-267-6027 or 1-613-267-1335.

Can I get a copy of the Agreement to Purchase form before the sale ? Yes, if you or your legal representation would like a copy of the Agreement to Purchase and Sale form please contact our office for further details (613-267-6027 or 613-267-1335).

## **How Can I Find Out More About Real Estate Auctions ?**

Watch your local paper or visit our web site at [www.jimhandsauction.com](http://www.jimhandsauction.com)

We hope that we have satisfied your comprehension of Buying Real Estate by Auction in this brochure and convinced you that there is a definite blending of Real Estate Knowledge and Auction Expertise within Hands Auction to make your Real Estate Auction Purchase Successful.

If you are thinking about selling your property by auction, contact us for a complimentary consultation. We would be happy to invite you to an upcoming auction so you can see how we show property. Continue the process by attending the live real estate auction so you can see the entire bidding process first hand. By attending, you will get a first hand feeling for what happens and how it happens. Attending a viewing and real estate auction is completely optional and left at your discretion.

Please visit our "Upcoming Auctions" & "Auction Details" Section on our website to see how we advertise property. All website advertising is complimentary and costs you nothing at all. Our website averages 250 visits daily during our off-peak season, and can exceed 400 daily during our peak season. This offers excellent exposure of your property.

## **Disclaimer**

Hands Auction represents all properties as accurately as possible. The information included in the packets, brochures, website or any other material is a summary of information to be used as guidelines only, to be deemed reliable but not guaranteed. The property is offered as-is, where-is. There are no warranties of any kind.

The prospective bidders are advised to search the public tax records and land records of the related township, county, town or city in which the auction sale is being conducted. They are further advised to inspect the premises on their own behalf, consulting with whatever advisors they may feel appropriate (for example regarding zoning, title to the real property, any chattels being transferred to the Purchaser on closing, any easements, restrictive covenants, HST issues etc.).

## **Terms & Conditions**

All announcements made the day of sale take precedence over any prior written or verbal terms of sale.

Only registered bidders may bid on the property being sold, any exceptions to this requirement shall be within the sole discretion of the auctioneer.

The Auctioneer is acting as an agent on behalf of the Seller only. During bidding, when there is a reserve bid, the Auctioneer has the legal right to represent his/her client by raising the bidding increments in order to meet or near meet the reserve bid. The auctioneer also has the legal right to reject any bid that in his opinion is not commensurate (proportional) with the value of the offering. In the event of any dispute between bidders, the Auctioneer's decision is final. Should there be any dispute after the sale, Hands Auction's record of final sale shall be conclusive. The auctioneer reserves the right to withdrawal from auction any auction property at anytime without prior notice.

Any and all information on the Property contained in the information packets or other advertisements are obtained from the property owner and third party sources, such as township offices, municipal corporations, etc. and while believed to be accurate, are not guaranteed. Hands Auction makes no representations, warranties or guarantees of any kind whatsoever, expressed or implied, with respect to such information. All prospective purchasers are required to independently investigate and confirm any information or assumptions about the property. Neither auctioneer, auctioneer's employees, nor the seller(s) of the property shall be liable for any errors in the correctness of the information. Any decision to purchase or not to purchase a property is the sole and independent decision of the potential buyer. No recourse or cause of action will lie against the auctioneer or seller(s) should the buyer become dissatisfied with their decision, whatever it may be, at a later date.

The property is open to thorough public inspection before the auction by appointment with the auctioneer and making a bid is an acknowledgement that each bidder has had an ample opportunity to, and has either inspected or elected not to inspect the Property. The Buyer(s) acknowledges and accepts that all properties are sold on an as-is basis. Properties sell "as-is" with no conditions, warranties or representation at an auction. As-is means that the the property being sold is without warranties as to the condition and/or the fitness of the property for a particular use. Buyer(s) are solely responsible for examining, judging and satisfying themselves with regards to zoning, wells, septic, surveys, environmental conditions, freedom from structural defects, chattels being transferred to the purchaser on closing, any easements, restrictive covenants, any landlocked issues or non-buildable matters, inspect for mineral and/or timber rights and HST issues.

Potential Buyer(s) are encouraged to phone the auctioneer prior to the auction date to view and inspect the property sufficiently, or as many times as needed, prior to the auction sale.

Interested parties will want to walk and view the property and to inspect the "lay of the land". You might want to have professional inspections done on the improvements or have a carpenter friend or electrician friend visit the property for inspection. By bidding, you are acknowledging that you have completed all due diligence and that you understand your legal commitment to purchase. It will be the Buyer's lawyer's responsibility to further research the legal title before closing the transaction. The Seller(s) must provide the Buyer(s) with a clear title of the property free of any adverse liens by closing date.

Hands Auction charges the Buyer a 10% Buyer's Premium in addition to the bid/hammer price. For example if the successful bid price was \$150,000.00, add 10% which is \$15,000.00, to result in a total purchase price of \$165,000.00. The total sum of the bid price and buyer's premium will become part of the total purchase price at closing. The Buyer's Premium is subject to HST, payable by the purchaser. If the land portion is subject to HST, it will be at the purchaser's expense.

The successful bidder must sign three copies of an Agreement of Purchase and Sale immediately following the live auction. The Agreement of Purchase and Sale will supersede all printed material and will serve as the governing document for sale of the property. The Agreement of Purchase & Sale contains an acknowledgment that the purchaser has inspected the property, or elected not to inspect the property, prior to the auction, and is relying solely on his/her assessment of the property in making the decision to purchase. No changes in the Terms and Conditions of the Agreement of Purchase and Sale will be permitted. A sample of the Agreement to Purchase & Sale can be obtained in advance, from Hands Auction, to view. One copy of the Agreement of Purchase and Sale will be delivered to the Vendor's solicitor, one copy to the Purchaser's solicitor, and one copy for Hands Auction's inter-office files.

The successful bidder must pay a \$10,000.00 deposit in the form of a certified cheque or bank draft, made payable to Jim Hands, which shall be held in trust until closing and is non-refundable. If the Seller cannot provide the Purchaser with a clear title to the subject property, the Purchaser will be refunded their deposit without interest. The auctioneer nor representatives of Hands Auction shall not be held liable in any way if the Seller fails or refuses to deliver marketable title at closing. The deposit cheque must be paid immediately following the live auction. Under no circumstances shall the Purchaser stop payment on the deposit cheque or default on this contract once the Agreement of Purchase and Sale has been signed.

Financing is not a contingency of sale in this offering. Therefore, it is strongly recommended that the potential bidders ensure in advance that they are able to obtain the necessary financing to close the transaction.

If the Purchaser fails to close the subject transaction for any default on the scheduled closing date, he or she will be held responsible for the costs to re-auction the property through Hands Auction, at an unreserved bid, and be held liable for payments of (a) all re-marketing costs (b) the difference or deficiency in the purchase price (c) all costs and expenses of both sales (c) all attorney fees (d) commissions, (e) incidental damages (f) all other charges due hereunder incurred to the auctioneer and seller. The Purchaser will also forfeit his/her original deposit to the auctioneer.

Closing date is usually 30 days or sooner. Exceptions to closing may be established prior to the auction upon the mutual agreement of the auctioneer/seller/buyer.

The Buyer will incur standard closing costs as with any purchase of real estate in the Province of Ontario. In addition the balance of monies and adjustments are made at closing and paid to the appropriate lawyer.

If for any reason the property transaction does not close, the Seller/s & Purchaser/s agree to hold harmless Hands Auction from any and all claims, liabilities, damages, losses, suits, fines, penalties, demands and expenses, including costs of suit and attorney fees.

Hands Auction would like to thank you for expressing interest in property by auction. If we can assist you further please don't hesitate to call our office at 613-267-6027 or 613-267-1335.

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