

# Selling Your Home

At Auction With Harcourts Team Group



0800 427 000

**Harcourts**





# Why Sell Your Home At Auction?

When selling your property, there are quite a few different methods of sale you can opt for. However, selling your home through the auction process has many benefits:

- Experience: Harcourts have successfully managed over 4000 auction programmes
- All negotiations are open and transparent
- All of our auction programmes are managed fully trained, experienced negotiators
- With vendors providing builders' and LIM reports, this assists in buyer confidence
- Your property gains a specific, high-profile marketing programme. An auction promotion creates a finite selling time for interested buyers who are forced to act with more urgency
- Your property obtains prominence through database and e-marketing
- No price marketing attracts a wider range of buyers
- You receive more market feedback
- Deadline Auction Day - creates a finite selling time
- An auction creates potential for a premium price through buyer competition
- You control the selling price with a reserve
- Your property is not undersold

# How You May Feel As The Marketing Of Your Home Progresses

## **Early stage**

The first advertisements have been placed. The internet photos and advertisements are activated. Window displays and LCD television advertising is now in operation. Company database, email, and text property information has been sent out to our clients. Open home invitations and agents' newsletters have been sent out and property flyers have been delivered. Open homes are to be commenced.

## **Midway**

Once the initial flurry of activity is over, we find that some people can feel really let down because no one has rushed in and offered a top price on their home. If you've had a lot of people through but it's starting to wane, it may be a good time to review the marketing with your consultant. Don't forget, it's only the first stage. Buyers may be waiting for the auction day. If, on the other hand, you haven't had lots of potential buyers through, remember: it's not a reflection on you or your home. Talk about it with your consultant in terms of demand and what's going on in the market. Your consultants will be giving you as much feedback as possible from the responses of all of the buyers who have seen your property.

## **Midweek activity**

We find some vendors become concerned that there is not as much activity during the week. This is not a problem. It's better for you, your consultant and the potential buyers that activity is mainly during the weekends, especially at the open homes. If anyone wants to see your home during the week, we will be only too happy to show them through.

## **Auction marketing**

Sometimes you may feel it's not working – we've had all these people through – but rest assured, we are obtaining feedback on what people think of your house. People will be doing their own research, going to other open homes, checking sold property prices, possibly getting an independent valuation, builder's report, bank finance – any number of things. They will be getting prepared for auction day. Remember, if you are feeling like this you may have only been on the market for one to two weeks. This is not a long time in terms of the average selling time. Talk to your consultant about how you feel. An auction campaign is a three to four-week process. Slow activity is not a reflection on you or your home.

## **Just prior to auction date**

You may feel nervous because you have a feeling of being "on show" on the auction day. Remember, there will be no surprises and your weekly review meetings will sum up all the activity so far. You'll know what's happening all the way. Your consultant and the auctioneer will have a meeting with you to help you set a reserve price. It is very important to get correct.

## **The auction day**

The "on show" nerves can come again. It's not you or your house on show, and it should not be taken personally if no one bids. See it as a time of gathering up all the activity and results that have taken place up to the auction day. Many auctions are negotiated soon after the event.

## **After auction day**

The activity that reached its pinnacle at the auction may have died down. Your consultant will be working with all those who went through but didn't bid or come to the auction. They may now be in a position to make an offer to you.

## **Price**

We don't put a price on straightaway – it is better to keep working with the interested parties. Once that interest has been followed up, you will then put a price on the property. Have patience here – a high percentage of auctions are bought within a few days of the auction itself. Yours may be one of them.

## **Ongoing marketing**

The things you can do to help:

1. Keep your home looking its best.
2. Provide all the help you can with price, taking into account the information that you have been given.
3. Talk to your consultant. Let them know what you are thinking.
4. Contribute to any part of the marketing you wish: better headlines perhaps, or any ideas you have and would like to use.





# What If...?

## **What if a buyer walks in off the street?**

Please refer the buyer to your sales consultant at Harcourts as they are specifically trained to deal with all buyer enquiries; simply say, "Please kindly ring Harcourts" and give them your sales consultant's name and phone number or business card. The security of your home is very important to us. Do not let other companies' consultants through unless they are with a Harcourts consultant. Simply ring us and we will make arrangements. We are here to help as much as possible.

## **What if a sign is damaged?**

If the sign blows down or is damaged, please ring your consultant or ask to speak with the manager and they will arrange to either replace the sign or have it fixed immediately.

## **What if I feel unsure about the market conditions?**

The market is constantly changing and you need to take notice of this. Your consultant can keep you up to date with possible changes in market conditions. These changes can happen quickly and you need to take these into consideration.

## **What if I don't feel confident in negotiating?**

Your consultant has been specially trained in negotiation and to help you through the process. Feedback from our clients tells us that this is the stage where most people need some assistance. Remember, we are always here to help you.

## **What if I can't get hold of my consultant?**

If for some reason you want to speak with your consultant urgently and you cannot contact them, please ring the office and speak with management. They will do everything in their power to either contact your consultant or put your problem right (0800 427 000).

## **What if my advert is wrong?**

This should never happen because the ads are thoroughly checked; however, sometimes mistakes with newspapers are beyond our control. If your ad is incorrect, please tell your consultant.

## **What if I feel that there are not enough people coming through my home?**

Harcourts' system of sales is geared towards the open days and this may mean that you do not get a lot of activity during the week. This is positive from the point of view that you usually know when someone is coming through and the bulk of that should be during the weekend at open days. You can review the marketing with your consultant. We have many marketing options that we can offer you and we can change the advertising for you at any time.

## **What if other 'what ifs' arise?**

It is our intention to work with you to get your home sold in the quickest possible time for the maximum amount of money. If there is anything else that is concerning you at any stage of the marketing, you must not hesitate to call your consultant in the first instance.



# Negotiating

The manager, auctioneer and sales consultant have been specially trained in negotiation and, if it is necessary on the auction day, they can help you through the negotiation process. They will be trying to get you the highest price possible that is available in the market place. They will do this with pre-auction offers, on auction day, or immediately after when necessary.

## **Use all the information you have**

1. Number of people through
2. Time on the market
3. Marketing that's been done
4. Open home activity
5. Price: where did it come from? Get feedback from your consultant on what is happening in the market place

# Now That You Have Signed The Contract

Start planning. Over the years we have found some vendors feel a sense of relief, but it's almost an anti-climactic feeling. Selling your home is an emotional process and it is normal to have a flat period soon after selling. You don't have to have it, but some people do. Relax. You have sold using a process that involves you as much as possible. You made the right decision, now its time to move on. Your lawyer handles the process from here, but don't hesitate to call us for anything you need or are unsure of.

We can recommend:

- Cleaners
- Electricians
- Handyman
- Harcourts Rental & Property Management
- Plumbers
- Builders
- Valuers
- [www.teamgrouprentals.co.nz](http://www.teamgrouprentals.co.nz)

If something is not clear to you, ring and ask for the manager, office administrator or your sales consultant. They will get you the answer (0800 427 000).





# What Happens At Settlement Time?

Your solicitor will ask you to come in and sign the transfer documents prior to settlement date. A time will be set for the settlement when money transfers from the purchaser's solicitor to the seller's solicitor. Once the money is received by the seller's solicitor, both solicitors will fax us giving us the authority to hand over the keys to the purchaser. Please bring into our office the keys to the property, provided we don't already hold them, so we can pass them on. If you want to make your own arrangements to give the keys to the new owner, please let us know as well. Just prior to leaving your property, you will need to get final water, power and gas readings from your suppliers and also get the landline, if you have one, transferred to your new home or have it disconnected.

**Please note: WE WILL NOT HAND OVER KEYS TO THE BUYER UNTIL WE HAVE RECEIVED AUTHORITY FROM YOUR SOLICITOR.**

# Insuring Your New Home

If you have purchased a new home in New Zealand, it is very wise to insure your home on the settlement date; however, many insure on the unconditional date. Insurance will be a requirement of banks who lend mortgages – the seller is required in the sale and purchase agreement to retain insurance on the property until settlement date. You will need the approximate floor area of your house to give to your insurance company.

# Sorting Out Your Finances

If you plan to buy at auction, it's important to have your finances sorted out well before auction day to avoid disappointment. Buying a home through auction is a little different as sales by auction are unconditional, so it's vital to have finance confirmed in writing before you bid. Make sure you have a clear budget in mind for the property, and ensure you stick to it. If you are the successful bidder on auction day, the only thing left to do will be to sign the contract of sale.

## **How much deposit will you need to buy your home?**

At auction you will need to have up to 10% of the purchase price ready to go at the fall of the hammer. Most lenders will require you to have a 10%–20% deposit for your home loan as well. For example, if you wish to purchase a home worth \$400,000, you would require a \$40,000–\$80,000 deposit. Talk to your local Harcourts sales consultant about our partner Mortgage Express. Mortgage Express has mortgage advisers who can help you find the loan that is right for your circumstances.

## **Budget**

Create a budget to determine what you can realistically afford to spend on mortgage repayments. Your budget should include all your regular outgoing expenses, along with estimates for the cost of home ownership (insurance, rates, interest on your mortgage, applicable body corporate charges and maintenance for your home). These costs will vary depending on where you live and the type of home you wish to buy.

## **Mortgage calculator**

Once you've worked out your budget, you can use a home loan repayment calculator to get an idea of what your mortgage repayments would be. The website [mortgage-express.co.nz](http://mortgage-express.co.nz) has some useful tools you can use. It's probably a higher figure than you are used to paying in rent but the benefit is that instead of being an expense, your mortgage repayment is paying off a capital investment. If you're happy that you can afford to pay this amount each month, then you can start looking at financing.

## **Pre-approved finance**

Approach lenders to get written finance pre-approval so that you know what price range you can look at for your new home. Given your income and financial commitments, banks will provide a pre-approved amount (to which terms apply) beyond which they will not lend. This gives you a ceiling for the maximum you can spend on buying your first home.

## **Mortgage advisers**

Mortgage advisers can help you find the best deal from lenders. Remember, mortgage advisers' fees are paid for by the lender, not you. A Mortgage Express mortgage adviser has the knowledge and expertise to find the best option to suit your needs. A home is one of the most significant investment decisions you will make and they're here to make sure that you know the different ways you can structure your loan and what the different lenders will offer you.

## **Financing your home**

Along with your savings, there are other sources of income that can help to supplement your deposit. For instance, if you are a first home buyer and meet certain criteria you may also be able to secure a first home owners grant. These differ around the country, so make sure you look up your entitlements. You may also like to consider entering a shared ownership agreement or enlisting the help of a guarantor through friends or family if you don't have enough savings or a high enough income on your own. If you already own a property, depending on its value you may be able to use the equity in your current home to help secure financing for the purchase of your new property. Talk to your Mortgage Express mortgage adviser about the options available to you.

**FREephone 0800 226 226**  
**WWW.MORTGAGE-EXPRESS.CO.NZ**

The logo for Mortgage Express features the company name in a serif font. To the left of the text is a graphic element consisting of three horizontal, slightly overlapping bars that resemble a stylized staircase or a set of steps, colored in a gradient from light to dark blue.

**Mortgage  
Express**

# Best Practice Guide Auction

## 1. General

- 1.1 When conducting the sale of a property by auction, members shall not engage in any conduct which is misleading or deceptive or is likely to mislead or deceive. The principle applies to conduct prior to, at and after the auction.

## 2. Before the Auction

- 2.1 Members shall not advertise a property as being for sale by auction unless there is intended to be an auction and unless a written auction authority form has been duly executed by or on behalf of the vendor.
- 2.2 Members shall provide a copy of this Code to prospective vendors prior to having them sign the auction authority.
- 2.3 Vendors must sign an acknowledgment or acceptance of the terms of this Code, which shall form part of the auction authority.
- 2.4 Prior to the auction the member shall make available for inspection the terms and conditions under which the sale of the property by auction will be undertaken.
- 2.5 If applicable the member shall specify in such terms and conditions of sale that the vendor reserves the right to bid either personally or through an agent.
- 2.6 The member shall make this Code available for inspection prior to the auction.
- 2.7 Members must make reasonable endeavours to inform all interested parties if a property is to be withdrawn from auction or is to be sold prior to auction.

## 3. At Auction

- 3.1 The auctioneer shall conduct the auction at all times with integrity and in compliance with the law of New Zealand and this Code.
- 3.2 The terms and conditions of sale shall be on display and available for inspection, together with this Code, at the auction. Any portion of the terms and conditions of sale relating to the description of the property will be read aloud by the auctioneer at the commencement of the auction of that property.
- 3.3 Before commencement of the bidding for a property the auctioneer shall announce whether the vendor has set a reserve price. The reserve price, if any, shall not be disclosed to bidders.
- 3.4 Before commencement of the bidding for a property the auctioneer shall announce whether the vendor has reserved the right to bid one or more times at any level below the reserve price at the auction and, if so:
  - (a) Whether the member has been appointed to bid on behalf of the vendor and, in such case, that all bids made on behalf of the vendor will be made and declared by the auctioneer; or
  - (b) Whether the vendor or some other person will be bidding on behalf of the vendor and shall identify that person in which case any bid made by that person shall be declared by the auctioneer. Neither the member nor any salesperson engaged by the member shall make or assist any other person to make any bid on behalf of the vendor in contravention of any announcement by the auctioneer pursuant to this clause. The member, or any salesperson engaged by the member, shall immediately advise the auctioneer of any bid which they believe to be made in contravention of this clause.

- 3.5 Where the vendor does not provide the auctioneer with a written reserve prior to the auction, the auctioneer shall announce that the property is to be sold without reserve and no bid shall be made by or on behalf of the vendor at the auction.
- 3.6 In making a bid on behalf of the vendor at the auction, the auctioneer shall exercise his/her independent judgement.
- 3.7 Where in advance of the auction, any contractor/employee of the member or the auctioneer has been requested to bid for a prospective purchaser, whether that purchaser is present or absent, the auctioneer will announce that fact and identify those contractors/employees who will be so bidding.
- 3.8 The auctioneer shall ensure that the amount of any bid is clearly stated.
- 3.9 The auctioneer may refuse any bid.
- 3.10 The auctioneer shall resolve any disputed bid in accordance with the terms and conditions of sale governing the auction. If such terms and conditions do not specify how disputed bids are to be resolved then the auctioneer shall resolve any disputed bid in accordance with the Particulars and Conditions of Sale by Auction 2nd Edition (or any document approved by the REINZ in substitution thereof).
- 3.11 Under no circumstances will a bid by or on behalf of the vendor be exercised by the auctioneer at or in excess of the vendor's reserve price.
- 3.12 The auctioneer will always clearly announce if the property is about to be sold under the hammer.
- 3.13 Subject to the reserve price being reached, the highest bidder shall be the purchaser.
- 3.14 If the vendor so instructs, the auctioneer will announce during the course of the auction that in the event if the property being passed in the highest bidder will have the first right of purchase of the property at the vendor's reserve price.

## After the Auction

4. If a property is passed in at auction, no post-auction advertising for the property shall make any reference to any vendor bid made for the property at the auction.
- 4.1

## General

5. Members shall promptly report any alleged breaches of this Code to the Real Estate Institute of New Zealand Inc in writing specifying the particulars of the alleged breach and providing originals or copies of any relevant documents.
- 5.1





# 12 Step Summary

## **1. Prior to marketing**

It is important to understand the advertising schedule, and to confirm open home dates; consultant meetings; a reserve-set meeting and of course the date of the auction itself.

## **2. Caravan presentation**

The presentation of the property needs to be the best it can possibly be. The process starts in earnest from the day when all sales consultants visit the property (we call that our 'Caravan'). Consultant enthusiasm for an attractively presented property ensures a maximum of buyer visits. Having the house ready from commencement will give the process fantastic impetus. Prior to the Auction the auctioneer will also familiarise himself/herself with the property in order to consolidate his/her thoughts for an enthusiastic property description on auction day.

## **3. Understanding market value**

The consultant has less than a month to achieve a clear understanding of how the market is responding. It is important to analyse as much current information as possible so that price expectations can be changed up or down if necessary. It also helps with setting a market-driven reserve on auction day. If there is any information already available, e.g. a registered valuation, a previous offer or other company appraisals, please discuss this with your consultant so that an objective marketing stance is not compromised during this vital period.

## **4. Market feedback is important**

The average buyer undertakes a considerable amount of research prior to negotiating. Studies show that buyers will visit in excess of a dozen homes; which means on average they will have a good understanding of the current market, with some knowledge of most properties that are for sale in their area of interest. Therefore opinion or feedback from prospective purchasers during a marketing programme on where they see the 'price', can be absolutely invaluable. It is important to look for comments that form a pattern when analysing market opinion. Contacting every visitor that sees the property during the sales process is time-consuming for the consultant, but does allow them to interpret the market.

## **5. Consultant – reporting back**

This is a crucial part of the Harcourts auction programme. Feedback from the consultant will consist of regular phone calls, a weekly meeting (if possible) and a comprehensive weekly written report. We ensure that the decisions a vendor makes are based on accurate information. It is our mission to keep our vendors fully informed throughout the process so that decisions are objective and market driven.

## **6. Strategy meeting**

Normally conducted one or two days prior to auction day. This is an ideal time to analyse all the feedback and activity that has happened relating to the property, and to set a game plan for auction day. At this meeting the consultant may be accompanied by a manager, auction manager or auctioneer.

## 7. Understanding conditional offers

The great advantage of auction is that the sale is unconditional on the fall of the hammer. Therefore an acceptable pre-auction offer also has to be unconditional. If a purchaser wants to make a conditional offer they are welcome to submit it if the property does not sell at auction. Other interest is then assessed, as is the nature of the conditions.

## 8. Understanding offers prior

Our goal is to have as many prospective buyers as possible bidding on auction Day. If a purchaser makes an offer that is acceptable prior to auction day, Harcourts' policy is to advise all would-be purchasers that the auction will be brought forward. This ensures a transparent and fair process for all parties, and won't disadvantage other prospective purchasers who show interest. The end result will ensure that the property is sold at the highest possible price. There are normally three reasons why people make offers prior to auction Day. Firstly and most importantly they want to take control of the process, eliminate competition and stop the marketing process. Secondly, they may need to buy a home within a required time frame.

Thirdly, they want to test the price. Often prior offers are low, which is not necessarily of concern since auction bidding often starts low anyway. Your Consultant will encourage a would-be purchaser to wait for auction Day; but rest assured that all prior offers will be communicated to you. All offers must be in writing, and only acceptable offers will trigger the pre-auction offer process. A purchaser's perception of price does often change during the sales process, and more often than not this perception will have a more emotional edge come auction Day.

## 9. How to answer buyers questions

Even though we are the appointed agents, there are purchasers who attempt to circumvent the process by contacting the owners directly. In these circumstances it is important that any answers given do not prejudice the auction. Invariably most of the questions will concern price. Below are some examples of these questions, but please discuss these with your consultant – our job is not only to sell your property for the best price, but to also make the process as stress-free as possible.

*“I was wondering what price you’re looking for to sell your home for?”*

Answer: “We have chosen the auction process to see what the market wants to pay – we haven’t really talked about price yet. We just want the house sold. Give our consultant a call and they will be glad to help.”

*“Your auction is not for two weeks. Will you sell prior?”*

Answer: “Yes, but please contact our consultant to discuss it with them – they are handling the sale process.”

*“You must have some idea of value. Surely you’ve had an appraisal or valuation?”*

Answer: “We have stayed away from the price debate as we do not want to be sitting on the market for any longer than necessary. That’s why we are auctioning. Your best bet is to contact our agent.”

*“I am prepared to offer \$X amount for your house.”* (Normally this is low)

Answer: “You need to talk to our consultant. Here is their number. But that does sound exciting; we hope to see you at the auction.”

## 10. Particulars & conditions

The Sale at Auction purchase document is known as the Particulars and Conditions (Ps&Cs). The Particulars are the legal description and the conditions are those of auction and sale. This document is made available in draft form throughout the marketing programme and normally has been pre-approved by your solicitor (most solicitors will not charge for this aspect of the conveyance.) The sale is unconditional in every respect at the fall of the hammer. Please note that the obligations under the vendor warranties in the general conditions should be explained by your consultant and are the same as in any standard sales & purchase agreement.

Variation to Particulars & Conditions. A purchaser may request the Vendor to vary any terms in the Ps&Cs to enable them to bid, e.g. a settlement date change. This request must be accepted in writing by the vendor. This is called “Variation of Particulars and Conditions of Auction”, often referred to as an “aside agreement”. Please note: any variation pertains only to the person or persons who have applied for that particular variation.

## 11. What is the order of sale?

The majority of our auctions are conducted in rooms (please refer to our maps on the back page of this booklet for directions). Multiple auctions in rooms will have an “Order Of Sale” which will be available a few days prior to auction day. This order is considered and prepared by the auctioneer as part of the auction day strategy. Please note: some properties are sometimes auctioned on site and the advertising will indicate accordingly.

## 12. Finally...day of auction

By the time auction day arrives, the marketing programme has been completed and the best prospects for the property have been identified. It is now up to the auctioneer and his team to determine who will pay the most. We encourage vendors to be present on auction day. As with any type of negotiation, parameters can change and we cannot make decisions for our vendors. It is most important you are present to make these decisions first-hand. Purchasers can be emotional on auction day and generally the best results are achieved when decision-making can be made quickly.





# Presenting Your Home For Sale

Here is a checklist of things you can do to help sell your home faster and for the best possible price.

## Inside

- Make any minor repairs such as sticking doors, plumbing leaks, broken light switches, cracked windows etc. Little things like these make a house hard to sell.
- Clean the carpets thoroughly (consider using a professional), especially if you have animals.
- If you have a dog, keep it out of the house and under control. Many buyers may be afraid of dogs.
- For daytime viewing, draw the curtains back to let as much light in as possible.
- For evening viewing, turn on all lights to create a welcoming impression.
- For colder weather viewings, allow for heating time to warm up the rooms.
- Make sure all rooms are tidy: make beds, shut drawers, and close cupboard doors.

## Kitchen / Bathroom

- Clean and polish bench, sink and taps.
- Wipe down cupboard doors, whiteware and appliances that may be on display.
- Tidy cupboards, cabinets and pantry.
- Make sure towels and tea towels are fresh and clean.
- Dispose of all rubbish
- Vases of fresh flowers say "this is a home".

## Outside

- Evaluate paintwork. Often a wash down with a hose and brush will do the job.
- Ensure the spouting does not overflow in wet weather. Often a clean-out will do the job.
- Keep the garage and other storage areas as clean and tidy as possible.
- Provide easy access for your Real Estate Consultant, such as a lockbox on site.
- Keep the drive and garden path free of overhanging shrubs and hedges.

## Other

- Make sure all valuable items are removed or stored in a safe place. This is particularly important during open homes.
- Your Real Estate Consultant needs to have as much privacy as practical when showing your home. If the buyer asks you questions about the house and neighbourhood, answer directly and honestly. Questions about an offer or price should be referred to your Consultant.

# TRUST ISN'T SEEN, IT'S EXPERIENCED

For the fourth year in a row, Harcourts has been voted New Zealand's most trusted real estate brand. This is the fourth time the Reader's Digest has asked the public to vote on the real estate category, and every time, Harcourts has come out on top.

At Harcourts we aim to create clients for life and pride ourselves on exceptional service. We are humbled that New Zealand has voted us the Most Trusted Real Estate Brand four years running.



## CONTACT

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LEVIN	06 368 8449	WELLINGTON	04 801 5199
OTAKI	06 364 5284	EASTBOURNE	04 562 8008
WAIKANAE	04 902 9631	RENTALS	04 576 2045
PARAPARAUMU	04 902 9601	CAREERS	0800 REAL ESTATE

# Harcourts

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