

# Buying property on auction? Here's what you need to know

According to Skoko Sebola, principal at Leapfrog Midrand, buying property at an auction does not necessarily guarantee that you'll get a better deal.



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An auction is simply a public sale in which the property is sold to the highest bidder. "Historically banks used auctions to sell properties in cases where a court order authorised an execution sale, but lately we're seeing more sellers opting to have their properties auctioned," Sebola says.

## Do the 'homework'

The onus is on the buyer to familiarise themselves with the process and ensure they do the necessary "homework" before making a bid, including:

- Obtain a copy of the conditions of sale and carefully study it.
- Inspect the property as closely as possible.
- Find out if the property is currently being leased.
- Enquire about levies and rates in the case of a sectional title unit.

In terms of the auction, bidders (thus prospective buyers) need to register their interest in participating along with paying a refundable deposit. If your bid is successful you need to pay 10% of the purchase price while the balance must be guaranteed within 30 days, though these details may differ from auction to auction.

## Costs to consider

"Other costs to take into consideration include the sheriff's commission in the case of a bank auction, as well as the auctioneer's fee," Sebola explains. The buyer is the one responsible for outstanding rates and levies, and the onus is typically on the purchaser to evict tenants, which may also become costly and which is best done with the support of a trusted property advisor.



Generally, property sold on auction is sold “as is” – the so-called voetstoots – which means with its defects and issues, whether visible or not. “Unfortunately, this means buyers have little recourse in the event of something going wrong, or discovering a problem after sale,” Sebola shares, and adds that this is why it is crucial to do as many checks as possible and ask all the necessary questions.

The decision to purchase property, whenever on auction or otherwise, should never be taken lightly. “For a better deal all-round, ensure you understand what the transaction entails and work with a trusted property advisor to make the process smoother and more pleasant,” Sebola advises.

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