



BUYING THROUGH AUCTION

A guide for anyone considering buying property through auction.



INTERESTED IN BUYING THROUGH AUCTION?

iamsold is an award-winning auction service provider with over 10 years' experience of offering both the Traditional and Modern Method of Auction (of which we are also the pioneers).

When it comes to our sellers and buyers, providing transparent, easy to understand and honest information is key, and our mission is to ensure you have access to as much information as possible to allow you to make informed choices.

As well as this guide, we also have a team of dedicated Auction Specialists who are more than happy to talk you through the process. Give us a call on **0345 646 0302**. Our lines are available Monday to Friday 09:00 till 17:30 and Saturdays from 09:00 till 14:00.

(Please be aware that calls are recorded for training and monitoring purposes.)

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A LOOK AT OUR AUCTIONS

Modern Method of Auction (MMoA)

This is our most popular auction method. Unlike with Traditional Auction, MMoA exchanges and completions take place within 56 days from receipt of draft contracts¹. This allows for more interest and opens the market to mortgage buyers². You may have also heard this method referred to as "Conditional" auction.

You'll be required to sign a Reservation Agreement. This reserves the property for you as the buyer, and commits both the seller and yourself to complete the purchase, giving security to both parties.

Things to consider as a buyer:

- If you're the successful bidder, you'll be required to pay a non-refundable Reservation Fee, which is typically 4.8% and subject to a minimum of £6,600 inc VAT. Please check the Terms and Conditions on the specific property listing for details. This is paid in addition to the agreed Purchase Price.
- The Reservation Fee should be taken into consideration when deciding the total amount that you wish to pay for the property. You also need to ensure you have enough funds to pay the Reservation Fee on the day of the auction.
- In some cases the seller may have opted to pay the Reservation Fee. In this instance, you'll be required to pay a Reservation Deposit, instead of a Reservation Fee. This is typically 4.8% of the Purchase Price, subject to a minimum of £6,600.
- You will need to complete the purchase within 56 days from receipt of draft contracts¹, so if you're financing your purchase with a mortgage it's important to ensure you have a decision in principal agreed beforehand.

Traditional Auction

Exchange of contracts takes place as soon as the auction ends. As the buyer you are required to pay a deposit at this point of exchange and complete within 28 days. Although this is the most secure and fastest method of sale, the higher level of deposit required and timescale typically limits interest to cash, investment buyers. You may have also heard this method referred to as "Unconditional" method of auction.

Things to consider as a buyer:

- You'll be required to make a 10% non-refundable deposit which forms part of the Purchase Price at the end of the auction if you are the successful bidder, so you need to ensure you have enough funds available to do this on the day of the auction.
- You'll be required to pay a non-refundable Reservation Fee, which is typically 4.8% and subject to a minimum of £6,600 inc. VAT, within 2 hours of the auction ending if you are the successful bidder. This is paid in addition to the agreed Purchase Price.
- You need to have funds available to be able to complete the purchase within 28 days of exchange taking place.
- You'll be required to sign a Reservation Agreement. This reserves the property for you and commits both the seller and yourself to complete the purchase, giving security to both parties.
- You should ensure you have a Solicitor ready to act on your behalf, should you be the winning bidder to ensure you can meet the completion timescale.

¹based on standard property types.

²subject to lending criteria, affordability and survey.

INTERESTED IN BUYING THROUGH AUCTION?

First things first!

1. Arrange a physical viewing of the property through the listing agent so that you can inspect it both internally and externally.
2. If you are buying with a mortgage, check that the property would be considered suitable security with your chosen mortgage provider.
3. Review the documents in the Buyers Information Pack and complete your own investigations, ask questions and seek independent legal advice. **iamsold** accepts no liability in respect of the accuracy or the validity of the information contained within the Buyer's Information Pack. If there is any information you feel you require to make an informed decision about making an offer on the property, that is not included, please speak to your Auction Specialist before proceeding.
4. Ensure you are happy with your total spend (including your bid, Stamp Duty and any fees).
5. Review the auction Terms and Conditions carefully as by placing a bid you are committing to proceed with the purchase should you be the winning bidder.

Step One: Register with iamsold

1. Start by creating an **iamsold** online account, this will allow you to register to bid if you intend to bid on a property and view property specific Buyer Information Packs. We will send you an email to verify your email address.
2. When you log in for the first time, you will be asked to provide some additional details to complete your profile.
3. Each property has an option to "Bid to purchase" click this to start your bidding registration. You will need to register on each property you intend to bid on. We will ask for some personal details, and details of any additional buyers you intend to purchase the property with and solicitor details.
4. You will also be asked to digitally sign the auction Terms and Conditions and a Reservation Agreement, which you should read carefully and ensure you understand any obligations, should you be the winning bidder.

Step Two: Placing a bid

1. Once you're approved to bid on the property, you will be notified that your registration has been successful. You can also check on the status of your registration in your online dashboard.
2. When you are ready to place your bid, go to the property page on the website, where you can place a single bid, and a clear breakdown of any applicable fees will be shown before you confirm your bid, for complete transparency and reassurance.
3. There is also the option to set up Automatic Bidding. Automatic Bidding allows you to set a maximum bid and the system will place bids automatically on your behalf if you are outbid, in set increments, until your maximum bid is reached. It's a good way to make sure you don't miss out on the property if you can't be online to bid or ensure you don't get carried away in the excitement of the live auction! When counter-bidding on a property, you must increase by a minimum of £500 on the previous bid.

The Reservation Process

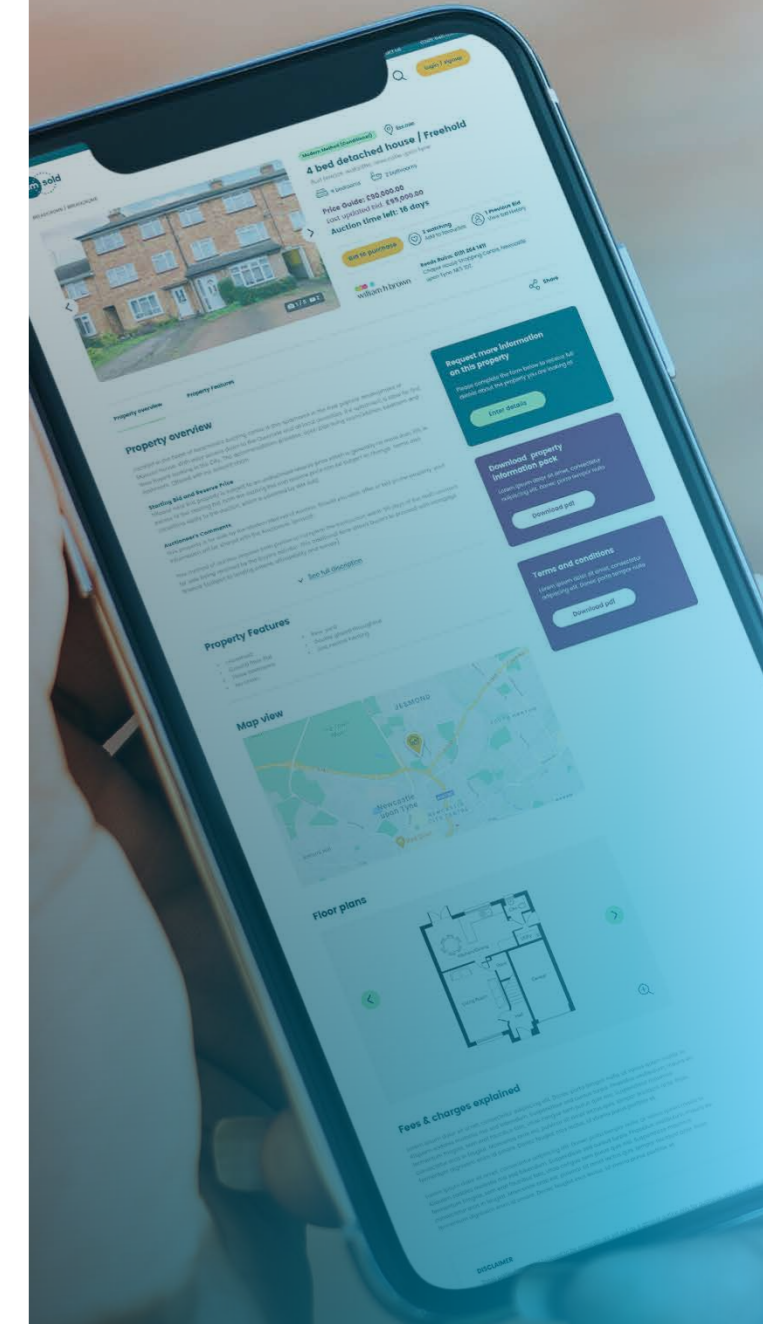
1. If you are the winning bidder, the terms of the Reservation Agreement will apply. This is a legally binding agreement between you, as the buyer, and the seller - committing everyone to the sale.
2. You will need to pay any Reservation Fee or Reservation Deposit, and if the property is being sold via Traditional Method of Auction, you will also need to pay 10% of the Purchase Price too.
3. We will need to complete ID checks, which are a legal requirement under Money Laundering Regulations to establish and verify buyer identity.
4. We will also need you to provide proof of funds as evidence of how you will be purchasing the property and the source of any cash funds being used.

Instructing the Sale

Once the Reservation Process is complete, the Memorandum of Sale will be issued. This will go to you and your Solicitor as well as the seller and their Solicitor. The Memorandum will confirm the details of the instruction and any special conditions. You will also need to contact your chosen Solicitor or Conveyancer to instruct them to act on your behalf and complete any paperwork they provide.

Exchange and Completion

When buying at auction both parties are required to meet the agreed timescales, so it is vital that you use every endeavour to achieve the timescales and return contact where made.



THE BUYER INFORMATION PACK

The Buyer Information Pack is a collection of documents which are provided to help you consider the property you are interested in before you go on to bid. The documents may not tell you everything you need to know so it's important that you also do your own due diligence and investigations as well.

Below are some of the documents you are likely to find in this pack and what they tell you about the property.

Building Regulation Consent	This is approval by the local authority to the method of construction and materials used in building work.
EPC (Energy Performance Certificate)	An Energy Performance Certificate (EPC) measures the energy efficiency of a property and makes recommendations on ways to improve the properties energy efficiency, saving the owner money and helping the environment.
Epitome of Title	This is a summary or list of relevant title deeds proving the history of ownership of a property.
Freehold Title Register	Confirms the outright ownership of the property and land on which it stands.
Fixtures, Fittings & Contents Form	A standard form in which the seller specifies items in or affixed to the property which are included in the sale at the agreed price.
Lease	This is a document that sets out the rights and obligations of the Landlord and Tenant (Lessor and Lessee) in the leasehold arrangements.
Title Plan	This is a map of the boundaries of the land of property that is listed for sale.
Leasehold Title Register	This is when the ownership of the property is only agreed for a limited period of time, for instance 999 years. The Title will confirm the length of ownership and if purchasing with a mortgage, you will need to discuss this with your mortgage lender. A leaseholder may agree an extension of the lease at a cost. Where there is a lease, this usually involves making payment of an annual ground rent to the Leaseholder.
Local Authority Search	This search will show if the property is a listed building, is located in a conservation area, is subject to any tree protection order, needs an improvement or renovation grant or situated in a smoke control zone. Planning agreements, conditional planning permissions are also confirmed, as well as information in relation to public highways, roads, rail schemes and planning decisions that may affect the property now or later on.
Water & Drainage Search	This search confirms if the property is connected to a public water supply and public sewer, how the property is charged for these services, the location of water mains and sewage pipes which can impact on any future development such as extensions or if any repairs to these mains/pipes is needed.
Property Information Forms	A document the seller is required to complete in relation to the property. The form asks a number of questions, for instance if there are any disputes, boundary issues, who the current utility providers are, any fixtures (such as double glazing) and planning permission.
TA7 Leasehold Information	Completed by the seller when the property is Leasehold. This document confirms useful information such as the annual charges for ground rent, if there is a Management Company (blocks of flats) and who is responsible for buildings insurance. The seller is also asked to confirm any known expenses that are likely to be charged within the next 3 years (for instance, following re-decorating communal areas)

JARGON BUSTER

This section is a guide to some of the terminology you may come across within the documents within this pack. We recommend seeking independent guidance, especially if there is anything you are unsure of.

Assent	This is the name given to a transfer document by which the representatives of a deceased owner transfer the property to the person entitled.
Conveyancing	The process of transferring legal ownership from one party to another.
Covenants	A promise contained in a deed which can either affect or limit the use of the property. This can apply to both freehold and leasehold property.
Deed of Covenant	A document or deed containing an agreement to pay or do something.
Deed of Gift	A document or deed used to transfer ownership of property from one person to another without any payment being made.
Deeds	Documents which establish ownership and confirm the Owner's title to the property.
Easement	A right to cross or otherwise use someone else's land for a specified purpose.
Flying Freehold	If at least a part of one property is built on top of part of another property (and the upper property owner does not own the whole building or land underneath the "flying" part) and the legal structure of the block is not leasehold, then a flying freehold will arise.
Full Title Guarantee	The standard guarantee given by an absolute owner to the Buyer.
Grantor	A person or institution that makes a grant or conveyance.
Grantee	A person to whom a grant or conveyance is made.
Ground Rent	This is the rent paid by a lessee to a lessor where a property is leasehold. It is often paid yearly.
Indemnity Policy	This is an insurance policy to cover a defect relating to the title to a property. Such policies are commonly used to cover against the cost implications of a third party making a claim as a result of the defect.
Joint Tenancy	This is where more than one party owns the land or property, with this type of ownership should one of these parties pass away, the other party automatically becomes the legal owner of the whole property.
Lessee	The owner of the Leasehold property.
Lessor	The person who grants a lease and enforces its terms.
Limited Title Guarantee	A title guarantee given by a seller who has limited knowledge of the property and cannot give a full title guarantee such as someone selling on behalf of a deceased owner.
Mixed Use	A building that provides both residential and commercial purposes/ accommodation.
Mortgagee	The mortgage provider, typically a bank, building society, or savings and loan association.
Mortgagor	The borrower in a mortgage, typically a homeowner.
Party Wall	A wall owned jointly with a neighbour and repairable at joint (and normally equal) expense.
Overage Agreement	A legal document whereby the buyer agrees to pay the seller an amount usually within a set period of time for example if planning permission is obtained.
Service Charge	This is a payment required by a Landlord (or managing agent) to cover the costs of insuring and/or maintaining a development or block of which the property forms part. You should look into this before bidding.
Shared Equity	A scheme for buyers with small deposits. A loan is also taken in addition to the mortgage, schemes include the Governments Help to Buy.

Shared Ownership	With shared ownership you buy a share of the property and rent the remainder from a housing association. This will involve paying a mortgage on the share you own and rent on the remainder.
Subsidence	This is where the property has suffered some movement since it was built. This could be due to poor construction or ground movement for geological reasons. Either way, this should be explored further by any interested party before agreeing to purchase.
Tenants in Common	This is another type of property ownership. With this arrangement the owners each have their own share in a property which forms part of their estate. This means full ownership of the property would not automatically pass to the other party should one of the owners pass away.
Tenure	Refers to the various ways in which you can own a property – e.g. Leasehold or Freehold.
Transfer	A document which transfers ownership of a property from one person to another.
Transfer of Equity	A document transferring ownership of a part share or interest in a property from one person to another.
Wayleave Agreement	A written agreement entered into with an owner to give a service provider (e.g. Electricity or Telephone company) a right for their cables to pass under or over their property.
Yield	The income from a property calculated as a percentage of its value.

IMPORTANT NOTICE

Unfortunately, this guide is not able to cover everything you may find within the Buyer Information Pack which is why we recommend interested parties seek independent legal advice before proceeding to bid.

If you are looking to fund any purchase with a mortgage, please also discuss the property with your chosen mortgage lender to check that it would (subject to survey) be considered as suitable based on their lending criteria.

If you have any questions in relation to the property, you can also speak to the Auction Specialist who can look into and help answer questions before you bid.

IDENTIFICATION CHECKS

Under Money Laundering Regulations 2017, Estate Agents and Auctioneers are required to complete an identification process on all of their clients, including buyers.

Should you be the buyer of a property, the following identification checks will be carried out:

- We will send you an email with a link to complete an online electronic Identification Check, using our trusted compliance partners; CREDAS. This will leave a soft search on your credit report; however, this is something that only you can see, and it does not affect your credit rating.
- In some circumstances, we may be required to obtain certified identification documents or other information from you.
- If you are a business buyer or acting on behalf of a business, we are also required under the Money Laundering Regulations to request additional information and complete checks on any Directors and Significant Controllers.
- Proof of Funds and information in relation to source of funds is also required. The guide confirms what will be required, however our helpful team will discuss this with you if you are the winning bidder.

PROOF OF FUNDS REQUIREMENTS

It is a requirement that winning bidders confirm how the purchase will be funded, as well as provide evidence in relation to the source of funds that will be used. This information will be required once a sale has been agreed and this document has been provided to confirm what can be accepted.

If you will experience any difficulty in providing what is required below, please contact get in touch as soon as possible so that we can assist you. Documents can be emailed to proofs@iam-sold.co.uk

Purchase Method	What is Required	Requirements
Cash held in a bank account or Shares	<ul style="list-style-type: none"> • Bank Statement(s); or • Share Statement(s) 	<p>Statements need to confirm the following:</p> <ol style="list-style-type: none"> The balance and how the funds were accumulated, unless statement is accompanied by an acceptable document that confirms where any lump sum came from. Such as proceeds of a sale, cashed in pension Needs to be dated within the last 90 days Your name and address <p><i>Please note, if funds are coming from multiple accounts, bank statements are required for each account</i></p>
Proceeds from a Sale	<ul style="list-style-type: none"> • Copy of the Memorandum of Sale; or • Completion Statement or confirmation letter from your solicitor or conveyancer 	<p>Memorandum of Sale</p> <ol style="list-style-type: none"> Needs to confirm your details Your conveyancer's name The property sale price <p>Letter/Completion Statement from your solicitor or conveyancer</p> <ol style="list-style-type: none"> Needs to confirm the sale has completed and the price achieved Needs to confirm your details Confirm the details of the sale and funds available; or the Mortgage Redemption Statement; or Bank statement showing the proceeds of sale
Mortgage, Re-Mortgage or other finance	<ul style="list-style-type: none"> • Decision in Principle (DIP) Agreement in Principle (AIP) or Mortgage in Principle (MIP) from the Lender; or • Copy of the loan agreement • Evidence of deposit* <p><small>*Please see the appropriate sections of this document for confirmation as to what to provide as evidence of deposit funds (e.g. bank statements, gifted letters)</small></p>	<p>Loan or Mortgage Agreement needs to:</p> <ol style="list-style-type: none"> Be in your name Be in date/valid Confirm the loan value <p>If the lender is unable to provide any of the above, we can accept a mortgage illustration.</p>

<p>Gifted Funds**</p> <p>**When another individual is providing some or all the monies that will be used for the purchase</p>	<ul style="list-style-type: none"> • Gifted letter to be completed by the donor 	<p>Letter to confirm the following:</p> <ol style="list-style-type: none"> a. The name and address of the donor and yourself b. Confirm the gifted amount c. Be provided with proof of funds as advised within this document. d. Be provided with 2 x certified ID documents for the donor
<p>Pension Funds</p>	<ul style="list-style-type: none"> • Funds released: Letter from pension provider confirming release of funds; or • Funds not released: Copy of the latest pension statement, dated within the last 12 months 	<p>Letter or Statement to confirm the following:</p> <ol style="list-style-type: none"> a. Your name and address b. Confirm the funds released; or c. If funds have not yet been released, the letter would need to confirm that pension funds will be available for when the sale completes
<p>Trust Funds</p>	<ul style="list-style-type: none"> • If the buyer is a beneficiary: Letter from solicitor dealing with the trust; or • If the buyer is a trustee: • Letter from solicitor dealing with the trust 	<p>If the buyer is a beneficiary:</p> <ol style="list-style-type: none"> a. Letter to confirm the trust and trustee's consent to funds being used b. Statement including any special conditions c. Amount of funds available and when <p>If the buyer is a trustee:</p> <ol style="list-style-type: none"> a. Letter to confirm the trust b. If buyer needs authority to buy on behalf of the beneficiary c. Statement including any special conditions d. Amount of funds available and when
<p>Business Purchase</p>	<ul style="list-style-type: none"> • Savings or Current Account; or • If mortgage, a Decision in Principle (DIP) Agreement in Principle (AIP) or Mortgage in Principle (MIP) from the Lender; or • Copy of the loan agreement 	<p>Savings or Current Account ;</p> <ol style="list-style-type: none"> a. Statement showing how the funds have built up i.e. regular deposits saved from current account b. Where payments have been coming into the account from another account, provide statements from both accounts c. Statement to be dated within last 90 days d. Needs to be in business name and current address <p>Mortgage:</p> <ol style="list-style-type: none"> a. Decision in Principle (DIP) from lender b. Also known as Agreement in Principle (AIP) or Mortgage in Principle (MIP) c. If the lender is unable to provide any of the above, your mortgage illustration d. In business name, in date/valid and confirm loan value

SOME USEFUL LINKS

The websites below are provided to help interested parties complete their own due diligence before bidding. The links will take you to websites that are independent of, and in no way affiliated with iamsold Ltd. As such, you should refer to their privacy policies and terms of use before submitting any of your personal data.

If you are the winning bidder, you will need to complete a Reservation Process which is confirmed below.

House Viewing Checklist

www.which.co.uk/money/mortgages-and-property/first-time-buyers/buying-a-home/house-viewing-checklist-a7bts1w28y3d

Check the council tax band for the property

www.gov.uk/council-tax-bands

Broadband information (speeds, providers etc.)

www.checker.ofcom.org.uk/en-gb/broadband-coverage

School finder and catchment areas

www.admissionsday.co.uk

Searching the register of planning decisions

www.gov.uk/search-register-planning-decisions

Guidance on Stamp Duty

www.gov.uk/topic/business-tax/stamp-taxes

Checking for Conservation Areas or Listed Building status

historicengland.org.uk/listing/the-list

Energy Performance Certificate (a copy will be provided in the Buyer Information Pack)

www.epcregister.com

Government guidance when buying a Leasehold

www.gov.uk/government/publications/how-to-lease/how-to-lease



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