



**LEGAL
GUIDANCE
BIDDING AT AN
ON-LINE
AUCTION**



**On-Line Property Auctions
BIDX1 Auctions and similar are
here to stay.**

We offer FREE Pre-Auction Legal

We have been providing Conveyancing Services for over 30 years and have seen many changes during that time. One of the most dramatic has been the introduction of One-Line Property Auctions.

For Bidders, there are both “Pros” and “Cons” with this process and extreme caution needs to be taken. However, with good preparation, there is value for the astute Buyer.

On-Line Auctions are transparent with all bids displayed on-line. A bidder can buy from the comfort of his/her own home and the process is relatively simple.

However, it is vital that a bidder is not lulled into a false sense of security by the simplicity of the process.

There are significant and real contractual obligations if you buy and it is essential that there is full preparation in advance of bidding.

This short guide is intended to assist bidders avoid the pitfalls that could leave a successful bidder disappointed and regretting the decision to buy.

The need for Legal due diligence in advance of bidding cannot be overemphasised. The position is compounded by changes in Irish Conveyancing Practice

Radical Legal changes in the way that Conveyancing Services are delivered have been introduced from the 1st January 2019. This will affect all Buyers.

Where previously, much of the Legal Work for a Purchase was undertaken after the signing of the Purchase Contract, from the 1st January 2019 a Purchase Contract is only signed after all of the Investigatory Work and enquiries are conducted by the Buyer’s Solicitor.

Is this bad news for BUYERS? It means a potential front loading of Legal Costs for the Client. A Buyer may incur considerable Legal Costs (which have

to be paid) before Contracts are exchanged in circumstances where the purchase may not ultimately proceed for any number of reasons. But read on for a SPECIAL OFFER OF FREE PRE-AUCTION ADVICES from O'Shea Russell Solicitors!



Nicholas Russell

WHAT ARE THE SPECIFIC ISSUES THAT CAN ARISE WITH ON-LINE AUCTIONS

Many of the Properties sold on online are Sales by Receivers or Banks and there are many pitfalls including the following:-

- The reality is that the asset being purchased is usually distressed and, while it may appear to be a bargain, may well bring considerable problems with it.
- The Purchaser essentially assumes all risk in relation to the Property from the outset.
- The Seller has little or no knowledge of the Property as the original Owner is “off the scene”.
- The Selling Receiver of Banks will not be prepared to carry out any remedial works or otherwise in relation to Property.
- The Closing Date on such Purchases tend to be extremely short with significant implications for a Purchaser who cannot complete on time.
- Numerous rights available to a Purchaser in normal Contractual transactions do not apply.
- The Selling Bank/Receiver will not give any warranties or representations in relation to the Property.
- It is highly unlikely that there will be any co-operation or assistance forthcoming from the original owner.
- Generally speaking, considerable onus will be put on the Purchaser to satisfy himself/herself in relation to regulatory matters such as planning permission, building regulations etc.
- As part of the preparation to bid at an online Auction, a Purchaser will generally have to incur the cost of having a Surveyor fully “vet” the Property before the bidding start. This expenditure is not recoupable.

TIPS:

1. Ensure that the Solicitor you have retained is knowledgeable around the purchasing of distressed property.
2. Ensure that you get a full Survey done before you bid and try and also seek to acquire some local knowledge. Very often neighbours or those in local business premises will have a certain amount of information to impart.
3. Make sure that your funds are available the day you bid.
4. Remember that if you are intending to secure a loan from the Bank and drawdown same to complete, some of the condition in the Contract may not be acceptable to the Bank's Solicitor. It would be a high risk strategy to bid at an On-Line Auction unless you have the actual funds in your possession.legal

Best of Luck to all of those looking for that special Property. There are definitely opportunities out there for those who are well prepared.

Find a helpful BUYER'S CHECKLIST on our Homepage www.oshearussell.ie

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' **Service**

SAMPLE

TERMS AND CONDITIONS OF BUSINESS

Dear _____ ,

You have asked us to:

- Provide a FREE Pre-Auction Legal Report on Lot ____/Property which is on offer at the _____ Auction on the _____ day of _____
- In the event that you are successful to provide Conveyancing Services to you on the acquisition of title of the Property.

Please sign the RETAINER attached to this document and email back to us on receipt of which we will commence our Pre-Auction Title Review.

Yours sincerely,

Nicholas Russell B.C.L., A.I.T.I, B.A
Main Street,
Graignamanagh
County Kilkenny

To:

1. Our service to you

Duty of care

- We agree to use care and skill in providing you with a FREE Pre-Auction Legal Report in respect of Lot No.____: Property_____, in line with good professional standards. Nicholas Russell Solicitor and Partner in the Firm will provide this Service.
- If you are successful in acquiring Lot No. ____ we will provide Full Conveyancing Services.

Confidentiality

We will always respect the confidentiality of your affairs and act in your best interest at all times. If there is anything you do not understand, please tell us right away so that we can answer your questions.

2. Data Protection

When you employ us to handle your case, you are giving us permission to hold information for our records but only for the duration of the service provided to you.

3. Fees and expenses

- There is NO CHARGE for providing the Pre-Auction Legal Report.
- If you are the successful Bidder our Fees will be as indicated hereunder.

FEE QUOTATION:

Profession Fee

vat@ 23%

Outlays

Ellis & Ellis Searches

Commissioner for Oaths

Land Registry Fees

(a) Registration

(b) Folio and Map

NOTE: Stamp Duty is charged by Revenue
at % on the Purchase Price.

Telephone, postages, photocopying
and miscellaneous items

