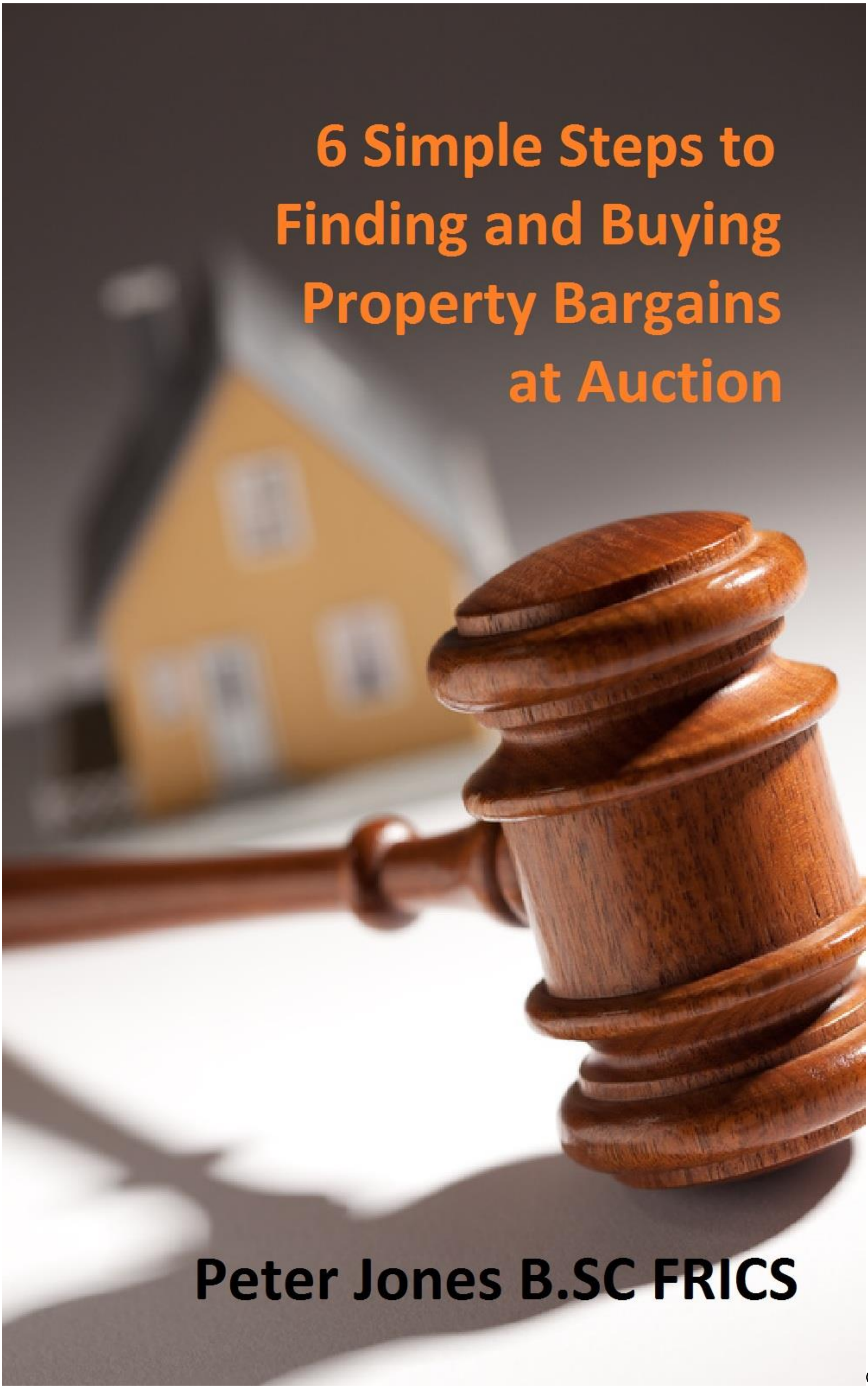
6 Simple Steps to
Finding and Buying
Property Bargains
at Auction
Peter Jones B.SC FRICS

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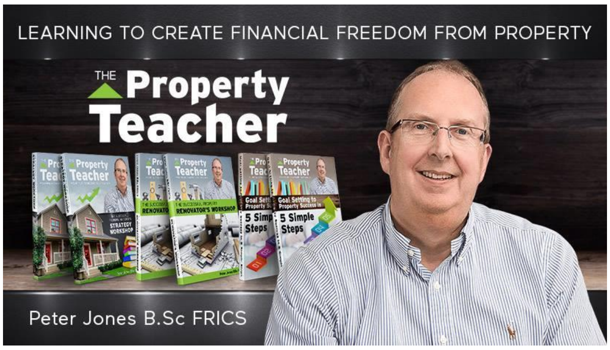

Peter Jones is an (ex) Chartered Surveyor, an author and a serial buy to let property investor.

He has been involved in property for over 40 years having graduated from the College of Estate Management, Reading University, and then qualifying as an Associate member of the Royal Institution of Chartered Surveyors in 1983, before being elected a Fellow in 1992.

By the age of 35 he was a Salaried Partner in a well respected firm of Chartered Surveyors, and was managing partner of their West End of London Office. His specialty was commercial property but during the recession of the 1990's his specialisation became redundant, and so did he.

Finding himself with no regular income, and with no savings, but with a wife and 3 young children to support, he borrowed some money from a relative and bought a house to refurbish and sell-on. That was the start of his own property business and, despite starting with none of his own money, he quickly assembled a multi-million pound property portfolio.

Peter is still actively involved in buying and renovating property, and regularly flips properties for profit.

Peter has written a number of successful property books. The first, *An Insider's Guide to Successful Property Investing*, was first published in 2000 and was one of, if not the very first, book of its kind which was written for what we'd now call buy to let investors.

On the back of its success he was invited to be a guest writer for Property Secrets, and wrote Spanish Property Secrets, French Property Secrets, and Portugal Property Secrets.

He is now a guest blogger for Property Secrets.

He has since written a number of other successful titles dealing with UK investing including *63 Common Defects in Investment Property and How to Spot Them*, *The Successful Property Renovator's Workshop,* and the highly acclaimed *The Successful Property Investor's Strategy Workshop* in which Peter describes step-by-step how he built his own property portfolio, starting with virtually none of his own money. Details of his books can be found at:

www.ThePropertyTeacher.co.uk

He has also written for Property Investor News, Property Auction News and Hot Property Alert, and has been a guest blogger for Progressive Property and LandlordZONE.

He has also hosted the Progressive Property Podcast.

Peter’s blog can be found at www.ThePropertyTeacher.co.uk
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Please also visit Peter’s YouTube Channel - The Property Teacher

"Six Simple Steps to Finding and Buying Property Bargains at Auction"

Perhaps because of TV programmes like Homes under the Hammer, many (particularly new) investors assume that buying property at auction is a sure way of creating property profits.

As with so many things in property the reality is, it all depends. There's a lot to buying property at auction and it's not always straight forward. There are fees and costs to pay even we get to bid. It doesn't follow that just because a property is being sold at property it is a bargain. And the reason why it's being sold at auction might be because it's a troublesome property and difficult to sell using conventional methods (through an estate agent).

Having said all of that, if you know what you are doing, and if you are prepared to put in the hard work of doing preliminary research and due diligence, it is more than possible to unearth bargain properties at auction, and to do so regularly.

In this short eBook I'm going to take you through the things you need to know, and the things you need to do, to make sure you buy the right properties and make a profit, and avoid the troublesome properties and make a loss.

One of the misconceptions I often hear is that auctions are almost exclusively full of repossessed property. It's true that because of the economic downturn Increasing numbers of repossessed properties are being offered at auction, but repossessions are not the only type of property that are sold at auction.

Auction properties for sale come from a variety of sources, including private sellers, investment funds, property companies, government agencies (such as the Metropolitan Police and the Army) as well as banks and others, who need to be seen to have offered the property for sale openly and widely as possible.

There's no doubt that amongst all the lots on offer are a large number of bargains but whether you'll be able to find them or not will depend upon the quality of your research and your understanding of how property auctions work.

Even just a few years ago it was relatively easy to identify which properties at an auction were repossessed and where you might have a chance of buying a bargain (assuming they had set a "realistic reserve" to sell). Often the auction brochure would state next to the photo of the property words to the effect of "Offered for sale by …" and then give the name of the lender. Nowadays they are a bit more reticent because repossessions have a reputation for being sold cheaply, and so they may not want potential bidders to know that this is a repossession property.

Although the lender is under a duty to get the best possible price and to mitigate, or limit, any loss to the borrower, they want to make sure the property sells once it is put up for auction.

So they will usually set a “realistic reserve. They certainly don’t want to spend out on the cost of putting it into auction, which can be a couple of thousand pounds, only to see it not sell and to then have to continue to keep it on their books as a liability, and to continue to pay managing agents to look after it.

It’s not just the potential of buying a property at a great price which attracts buyers to auctions. Another great advantage is speed. It is every investor’s dream to move from submitting an offer to completion in just 20 or 28 working days. If you are one of the growing number of people who buy your investments at auction, this is just one of the benefits you may experience, not least that they are often an ideal place to find competitively priced properties although many buyers are happy to pay a little more for the convenience and certainty of the auction room.

Other benefits of buying property at auction highlighted by the Royal Institution of Chartered Surveyors (RICS) include:-

*Auctions are a popular way for many people to move home, find a buy-to-let investment, undertake DIY projects and to provide for their future pensions and dependents.

*An auction also takes away the hassle and delays associated with home purchase. i.e. gazumping.

*The process is open and not secretive and therefore considered more straightforward for first-time buyers.

*The market, which is open to all, decides the price of the property on the day of the auction.

The RICS note that most buyers are currently private investors. However, property auctions are also extremely beneficial to sellers and the RICS identify these benefits of selling residential property at auction:

*Two types of property are best sold via auction – either unique, distinct, difficult to value properties in high demand or poor properties needing much remedial work and unsuitable for mortgage purposes.

*All the difficult preparation and legal work is done beforehand so that after the auction the sale is complete.

*The contract is signed immediately after the hammer falls.

*The buyer has to have finance organised before the auction.

*The seller maintains ultimate control by setting a reserve price.

Over the last 18 months approximately 70 percent of residential properties that went under the hammer achieved an immediate sale with some sales achieving 95%. This is quite an appealing consideration for people who are looking for a guaranteed quick sale.

According to Richard Auterac, Chairman of the RICS's Real Estate Auction Group:

"It is easy to see why auctions are becoming more popular. Properties on sale at auctions are usually available at a competitive price. Auctions provide a platform for open and fair competition between bidders. Once the hammer comes down, neither the seller nor buyer can withdraw and the process is completed within a set time - with no danger of any link in the property chain breaking.

Additionally the RICS has recognized that the whole process is very different from the normal approach to buying and selling. In an effort to make the legal process more transparent and easier to understand, we have published a set of guidelines called Common Auction Conditions. Created by buyers, sellers, solicitors and auctioneers, the conditions have been designed to improve the auction process for all those involved."

The RICS publishes *'A Clear Impartial Guide to Property Auctions…'* , an 11-page guide to help owner-occupiers, developers and investors. This provides inside information on the auction process from both buyers' and sellers' perspectives, from checking guide prices to proxy or internet bidding, and can be downloaded free from https://www.ricsfirms.com/media/1191/rics-consumer-guide-property-auctions.pdf.

Auctions are thought of as being somewhere where one should be able to find bargain properties, and in part this is true.

Under current market conditions it is often possible to buy repossessed properties at below their true market value at an auction.

Of course, arguably the best time to buy at auction will be during a downturn or a slowdown in the property market when buyers are wary to commit themselves and when they can be out-numbered by sellers.

But even during a buoyant market bargains are still there to be had.

However, it is equally true that properties at auction can sell at their true open market value, and sometimes properties at auction will sell for more than their true value because people can get caught up in the moment and pay over the odds.

So what type of property is sold at auction?

There are 5 principle types of property that are sold through auctions:

The first is “hard to gauge” properties. Where the demand for a property, or an alternative use, or its price, or any combination of these three factors, are hard to gauge, sale by auction is often the quickest, easiest and most effective means of marketing.

This will include the “odd” properties like public toilets, which the press always get very excited about, or water towers, or something which you wouldn’t normally see for sale. Perhaps one of the most extreme examples I’ve seen in an auction catalogue was a no longer required nuclear shelter and bunker!

This type of property is hard value and will attract only a limited number of buyers, and so auction is seen as being the best route to test the market, and indeed ‘reach’ the market.

The second group are specialist properties; those that are not necessarily hard to gauge in terms of price, but which will be of interest only to a niche market who will most easily be reached by public auction rather than a sale by private treaty.

An example of this could be residential investment properties subject to regulated tenancies, freehold ground rent investments or blocks of lock-up garages. It will also apply to larger commercial properties that will be of interest to property companies and institutional investors.

And **the third** type of property is “difficult” or “defective” property, that is property that is either defective structurally or has defective legal title.

Either of these can make the property difficult or, in some cases, impossible, to mortgage meaning that the vendor is relying upon a cash buyer.

Structural defects can range from properties which could be considered uninhabitable, just, perhaps because of an older style kitchen and bathroom, all the way through to properties with significant defects like serious subsidence and needing underpinning. It could include the presence of Japanese Knotweed in the garden, which would make a property unmortgageable and can be very expensive to remove. In short, anything that requires expensive work to put it right.

Defective legal title could be where a property is leasehold and the freeholder is absent, in other words missing, meaning it’d be hard (or impossible until the freeholder reappears) to extend a short lease.

It could be where Title Deeds and plans are missing, or unclear as to what is being sold. It could be anything where a serious delay to a sale would otherwise occur whilst solicitors busy themselves trying to sort it out.

As most auctions have a number of potentially sub-standard properties does this mean that you should steer well clear of auction property?

Not necessarily, although you might want to pitch your interest to your level of experience and ability.

For example, if you haven't had much experience of refurbishing properties then you might not want to start by bidding for a property with substantial structural defects.

Although "defective properties" can be daunting for the beginner, they can provide excellent bargains as the number of "cash buyers" with the required "expertise and experience" to take them on is limited. Often the consequent limited demand means that they sell relatively cheaply.

The **fourth type** is property where the vendor needs to be seen to have marketed a property widely and openly. This applies to banks and building societies selling repossessions and where they need to be able to show that they have advertised the property to as wide a market as is possible, and have obtained the best price possible. The fact that repossessed property can be bought at bargain prices suggests that selling at auction doesn't necessarily guarantee getting the best possible price, but current convention is that selling at auction discharges banks of their duty to get the best price.

The **fifth type** of property is those where the vendor wants a quick sale. Vendors wanting a quick sale could include those dealing with probate properties – in other words, properties that are being sold for the estate of someone who has passed away – banks and building societies who want empty properties off their hands so they don't have to manage them, or even property owners who want to sell before they are repossessed.

For the "average" bargain hunter, properties that fall within the "need to be seen to have been marketed widely and openly" and "the vendor wants a quick sale" categories are probably the best to concentrate on, as they are likely to be the most straight forward, and less likely to have problems that are expensive to resolve.

Many lenders will use an auction to sell repossessed property – this is considered by some to be the means of selling that is most widely accessible to the market and so discharges their duty to market the property thoroughly. It's certainly the most open and transparent means of selling, with the property, and it's eventual selling price, being within the public domain.

Essential Information Group (www.eigroup.co.uk) confirm that the number of repossessed lots offered at auction has risen substantially over the last few years to the point where repossessions and distressed sales now make up a significant proportion of all residential lots being offered.

Some auction catalogues now comprise almost 80% repossessed properties, and the chances are that until liquidity in the financial markets improves, this will continue, despite that lenders tell us that they are listening to Government pleas and are trying to take a more socially responsible attitude to repossessions. Unlike the 1990's, they assure us, repossession is now seen as a last resort. However, in practice, this doesn't always seem to be the case.

The key to rooting out bargains is thorough research and preparation.

Here's my 6 step guide on how to prepare for an auction to give yourself the best chance of finding a bargain.

Step 1: Review the catalogue to see what is available.

Now I know this is an obvious step, you wouldn't go to the auction without first looking at the catalogue, (or nowadays the online version) but I'm not saying, "Flick through the catalogue". What I am trying to say is that we need to go through the catalogue purposefully looking either for properties that fit our investing strategy and criteria, or where we can see there is an 'angle' to exploit for profit.

We'll all have different preferences and reasons for selecting certain properties.

This might be on the basis of location; you might want to look locally at properties you can manage yourself, or in another geographical area where, perhaps, you already own properties and are building a portfolio.

Or you might select properties on the basis of type; you might be interested in commercial, or vacant residential, or residential investments which already have tenants.

You might be looking for properties which, at a certain price, will produce your target yield.

However you select your properties, you will need some criteria by which to sort the wheat from the chaff as even experienced buyers at auction will not have time to do an in depth analysis of all the lots on offer on the day.

I have worked with investors who specialise in ‘break-up’ opportunities. So, for example, they’d buy parades of shops where they know they can sell the individual shops on (as investments with tenants in place) separately, and the combined price of the individual units would exceed the price paid for the parade.

Or they buy large, empty industrial units, and split them into smaller units. These can then be let and sold on individually as investments with tenants in place, or sold-on vacant to small business owners.

I know of other investors who specialise in buying leaseholds with short leases, at correspondingly low prices, and who then negotiate lease extensions and sell the properties on at a profit.

Or buy properties on over-sized plots and split the title, selling the property and the plot separately.

Or just like buying properties that require repair and renovation and adding value by doing the work, perhaps making property that is unmortgageable mortgageable.

And others who buy land either without planning, and then get planning and sell it on; or with planning, but they’ll then get their architect to re-draw the scheme and make a new planning application for a bigger scheme, and sell the land on at a profit.

The point is we’re not just looking at the ‘pretty’ pictures; we’re purposefully going through the catalogue looking for opportunities, and/or properties that fit our chosen property strategy.

Step 2: Read the Conditions of Sale and the Special Conditions of Sale

It’s absolutely essential that you read the Conditions of Sale and the Special Conditions of Sale relating to any property that is of interest to you – in effect you are making sure that there is nothing in the “small print” that would put you off buying.

This could include extra charges over and above the purchase price. Some local authorities, as a matter of course, always include a ‘sellers premium’, either as a fixed lump sum of say £1,000, or a specified percentage of the purchase price (winning bid) which is an extra over and above the bid price.

Or the property (if it’s a commercial property) might attract VAT.

Other special conditions could include the vendor requiring the purchaser to reimburse the vendors costs of compiling the legal pack, or at the very least, the searches.

These costs can add-up, so you need to know about them and, if necessary, factor them into the amount you’ll be prepared to bid.

And it might not just be additional costs. Perhaps the vendor also owns the property next door which they intend to retain and so want to impose covenants on the property they are selling.

The Conditions of Sale will tell you the completion period required in the event of a successful bid, and how payment of the deposit (and other costs) will be taken. Don't forget that the moment the gavel comes down you will be deemed to have exchanged contracts, and you'll need to pay a deposit (typically 10% of the winning bid/price) and you'll need to do so in prescribed form; typically cheques are not accepted but bankers drafts may be required, or credit cards might be accepted.

The idea of going through legal papers and legal jargon, printed in tiny font sizes, can be quite overwhelming (or boring) but it needs to be done, just to make sure there are no hidden nasties lurking.

Step 3: Inspect the property

Having found an interesting property with no obviously adverse conditions attached, step 3 will be to inspect the property, and the area in which it is located. I would never advise buying "sight unseen" unless there are very special circumstances behind your purchase and you can afford the time and money to make a mistake.

The main purpose of the inspection is to help you to come to your own conclusions about the value, and its condition.

To estimate the value you will need to take into account the location of the property, the accommodation and layout, and the condition.

When you have inspected you can then look for evidence of value provided by sales prices of other similar properties, preferably in the immediate locality, assuming there are some. You can also do an internet search on previous sales prices on websites like www.rightmove.co.uk, and www.nethouseprices.co.uk and www.zoopla.co.uk.

The second reason for inspecting is to check the layout and condition of the property. Unless you're a "professional" I wouldn't advise you to rely upon your own inspection to establish physical condition, but even so, at a preliminary inspection, you should be able to get an idea of whether it is a "structural" disaster or a property worth pursuing.

The chances are that you are not a qualified surveyor, so I'm not suggesting you do your own survey, but common sense suggests you should be looking out for cracks in walls, damp staining and other signs of what might be serious defects. As you gain more experience you'll be able to come up with your own estimate of the likely cost. If you don't have the experience or confidence, you can take your friendly builder with you or, perhaps better when you are first starting might be to take pictures of possible problems for your builder or advisor to look at later.

You can also look at the specification of the kitchen and bathroom, the age of wiring (especially the fuse board or consumer unit), plumbing, garden walls and fences and so on, and come to a view how much might need to be spent.

The third reason is to look for “angles” by which you can increase the value of the property.

Buying a property “cheap” can be an “angle” in itself. We already considered some when thinking about going through the catalogue, but other examples of “an angle” could be spotting an opportunity to rearrange the layout and so increase the value, or to change the use, or to split it to provide multiple units of occupation, or to extend it, or to sell it on to a single occupier at an enhanced value when the tenants have vacated.

Step 4: Decide on your maximum bid

Step 4 is to use all the information you have collected and to come to your own opinion of value and decide on the maximum amount you can afford to bid.

During this process there is no point in thinking about the guide price quoted in the catalogue. Each auction house will have different views on how to set a guide price. Some set it low, sometimes lower than the reserve, to try to generate interest. Some are more realistic and might pitch it at or around the reserve.

But, unless you know from experience how that particular auction house sets it’s guide prices, the guide price might not give any meaningful indication of the value or the reserve price, or the likely sale price. I’ve heard newbies get very excited about low guides, only for the property to sell at two or three times the guide.

In fact, some auctioneers don’t give guide prices any more. Instead they give a “starting bid”. This is usually lower than the reserve, and lower than a guide price, and psychologically gives a potential bidder hope that they may be able to buy very cheaply. Invariably a winning bid will be much higher than the starting bid, but may well still be a bargain.

You need to decide what the maximum price is that makes sense to you, bearing in mind what you intend to do to the property.

Having then decided what that figure is, you need to commit to stick to it and not to exceed it.

Your maximum bid is based on financial fundamentals, and not emotion or whim.

The first step is to try to come to some opinion on the value of the property. You could take professional advice before you bid, and part of that advice could be obtaining a valuation.

Or you might want to do your own research and make up your own mind about the value. I won't go into all that here but some simple things you can do is look at asking prices for similar properties in the locality, talk to friendly estate agents and see what they can tell you about values and sales prices, and to look up asking prices and sales prices of similar properties on the internet, including the most recent sale price for the property you are looking at. The more information you have hopefully the easier it will be to come to an opinion about what the property is worth.

Next, you need to think about what you are trying to achieve in owning this property. Regrettably, there has been so much talk about buying BMV or below market value, and so many investment property brokers offering properties at supposed 25% discounts and the like, that you'd be forgiven for thinking that getting a discounted price is the be all and end all of property investing nowadays.

There is no point in buying a property at a discount if it is a poor property that you shouldn't be buying at any price. No amount of discount will make an otherwise poor deal good, but a discount can make a good deal great. I hope you can see what I'm saying. Choose your property carefully and make sure that it is a property you want to own, regardless of the price.

In my opinion the main reason for bidding at a discounted price is to make sure the property is cash flow positive if you are going to keep it to let out. In other words, by buying at a discount, you can reduce the amount of finance you need, and so can reduce your monthly mortgage costs and increase your monthly profit, in other words create a positive cash flow.

So when you think about where to pitch your bid, do your sums so you know what the effect will be on your monthly cash flow. Ideally you want a positive cash flow.

Now I understand that some deals are still excellent deals even if there isn't going to be a positive cash flow, because you may be able to buy at a genuinely bargain price and sell it on, or you might be buying the property to renovate it and add value.

If you aren't buying the property to let it out you'll still need to do your sums to make sure the figures stack up. Working out the profitability of a renovation project isn't always straightforward and I won't go into that now, but you need to be sure that you have an accurate assessment of the end value of the property, and an accurate assessment of all the costs before you decide how much you can afford to pay.

One thing you may need to think about at the moment is market volatility. Opinion is divided about whether house prices are stabilising and whether they will fall again in the future. Also, house prices in some regions of the country may be more volatile than in others. So you may want to build in a buffer just in case, depending upon how you see the risk of further falls in the area you are buying in.

When you have done all of these you should be fairly confident about the maximum price you can afford to pay which makes sense to you, and resolve not to pay more than that figure. Whatever this figure is, resolve not to bid even one penny more.

Step 5: Go through the legal pack

Step 5 is to get hold of a copy of the legal pack to make sure that all is as it seems to be. The legal pack should have copies of the title deeds and title plans with boundaries and rights of way, any leases, planning consents and so on.

For example, if you are thinking of buying to redevelop then you won't want to unwittingly buy a property with restrictive covenants that prohibit development.

If the property has planning, you'll want to know the details of any consent granted including restrictions and conditions.

You'll want to know who is responsible for maintaining boundaries (walls and fences), shared access ways and roadways.

You'll want to know if there are drains running across the land and where they are, and whether they will help or hinder with whatever you have planned for the property.

You'll want to know about easements and rights of way over the property or land. I recently looked at some land being sold for development but the legal pack showed a power company had imposed a restrictive covenant over land because of a major cable that runs through the land. Being at a depth of about 3 feet my team (architect and builder) decided it would effectively prevent the development of a profitable scheme. It was felt that the power company were highly unlikely to move the cable, meaning the land value was severely diminished. But I wouldn't have known if I had skipped looking through the legal pack (or had not understood the implications).

Nor would you want to buy a property with a defective title if you'll know you need to raise finance against it, because a bank won't lend on a property with a defective title.

If you aren't in the legal profession, or highly experienced in property, it makes sense to get a solicitor to go through the pack for you, but, of course, that will cost you their fees. But it won't cost as much as buying a property which you then find you can't mortgage, or develop, or sell-on.

Step 6: Arrange your finance

If, after all this due diligence, the property is still a "runner", step 6 is to arrange finance in principle, if you aren't buying for cash.

If you are buying for cash (whether or not you think you may want to finance at a later date), at the very least you will want to have a full survey, and a valuation.

If you aren't buying for cash you'll need a valuation for your lender, and at the very least, an agreement to lend in principle, before you bid. Even better would be a formal offer from the lender.

You don't want to be the successful bidder if you then find that, for whatever reason, you can't get finance.

As the auction conditions are likely to require you to complete extremely quickly (the time period varies from auction to auction and even property to property but 21 days or 28 days is fairly typical) you might need to go to a specialist lender who is familiar with auctions and can process an application quickly. This could be bridging finance, which is fast but expensive, or specialist auction finance (also fast and relatively expensive, but not always as expensive as pure bridging) or some type of commercial lending.

Some specialist lenders make themselves available at auctions on the day and, having assessed the properties for sale, will offer finance in principle there and then (again, usually at a price but it can be well worth having).

If you Google "auction finance" you'll find details of numerous lenders who specialize in providing the type of finance you need.

As you can see there can be a significant amount of work to do before you even get into the sale room. And you can also pay out a significant amount of money before the sale on a valuation, survey and legal fees.

And of course, despite all of this, you may not be the successful bidder on the day.

That is why I think it's a good idea to attend a few auctions and to get the feel of the way they work, the type and quality of the property being sold, and the prices achieved, before you go along to bid for real.

Armed with all this information you are now ready to bid, but only when you have set your maximum bid in stone. Anyone can buy a property by paying too much but that's not a successful business model.

At the auction

First things first. Many auctions now require you to register before you bid, so you need to get there in plenty of time to do so.

As part of the registration the auctioneers will want to see proof of ID, and proof that you have funds to pay your deposit, in the form specified in the Conditions of Sale, in the event you are the successful bidder.

If the auction requires prior registration you can't just turn up and bid. Often they won't accept bids unless the bidder uses a paddle or number card which you'll be given after registration, and you'll be required to hold these up to show you are bidding.

Some auctions have hundreds of lots listed and can run for a whole day or even for several days. If the property you want to buy is one of the later lots it can be tempting to turn up late, but don't be too complacent. If multiple lots are withdrawn prior to the sale, or there are only a limited number of bidders for the lots, an auctioneer can get through a sale quicker than you might realise.

You don't want to turn up to find that your lot has already been offered and sold. And you don't want the stress of having to register just moments before your lot is due to be offered.

Bidding at the auction

Sometimes this is matter of raising you hand to indicate you are bidding, other times the auctioneer may give you a numbered 'paddle' to hold up when you are bidding.

When you start bidding remember your maximum bid.
It can be easy to get carried away in the heat of the moment and, let's face it, it's part of the auctioneer's job to whip up the excitement and to push bidders as far as they will go or even further.

Sometimes they will do this by taking bids "off the wall". This essentially means taking a fictitious bid from a non-existent bidder. Although at first sight this might seem a bit underhand, they are only allowed to do this up to and until the reserve is reached.

If you think about it, this makes some sense. After all they were not going to sell "in the room" at below the reserve anyway.

Less obvious, but just as effective at creating the impression of interest in a property, is for the vendor themselves, or their agents, to bid at the auction. Again, the same rules apply, they can only bid up to the reserve and at that point they have to stop.

When you bid for your chosen lot one of three things will now happen;

*you will be the successful bidder and the property will be yours

*someone else will out-bid you

*or the property will be withdrawn if bids don't meet the reserve.

If you bid on a property but it is withdrawn, either at a higher price than you bid, or at your bid, you should not be disappointed, instead you should be full of anticipation.

If your selected property doesn't meet the reserve it can be a great opportunity to buy at an even better price than you first hoped. When a property is withdrawn the auctioneer will invariably invite interested parties to talk to one of the clerks to see if a deal can be done.

It's always worth approaching the auctioneer, or the clerks, and asking what the reserve price is. At that point there should be no reason for them not to disclose it to you, but even if they don't you can make an informed guess by noting the last bid at which the property was withdrawn, and the comments of the auctioneer.

"Sorry ladies and gentlemen, I'm going to have to withdraw the property. We are very, very close but not quite there…"

So why not make an offer and kick off negotiations? Don't forget that the auctioneer will be keen to sell to get the property off his or her books and to get their commission.

The vendor may well be disappointed that it didn't sell and may be open to offers, especially as they have to pay the auctioneers, and the lawyers who prepared the legal pack, whether the property sells or not.

When your bid or offer is accepted

If you make a successful bid at auction, or if your post auction bid is accepted, you'll be expected to pay a deposit there and then, so make sure you have the means to do so.

Check in advance how the auctioneer wants payment, often they'll want a banker's draft which you'll need to organise in advance.

Once your bid is accepted there is no going back and you're committed to purchase. You'll need to look at the terms and conditions of the auction to see when completion will take place, and you'll need to make sure that you have the money ready to complete your purchase at that date.

Completion is often set for between 20 and 28 days after the auction so you probably need to start organising a mortgage even before the auction.

There are bridging loan companies who'll lend short-term money at high rates which provides the finance to pay whilst you arrange for a cheaper conventional mortgage.

Of course, you'll want to be sure that you will be able to get a cheaper conventional mortgage before you take on the expensive bridging loan.

Conclusion

This has been a quick look at buying bargain property at auction.

Auctions can be a great way to find bargain property, but you need to do your due diligence, both physical and legal, before you buy. Never buy sight 'unseen', no matter how tempting the price.

Don't be one of those buyers who go to an auction to buy a particular lot but, because they are outbid, in disappointment (and perhaps anger) then bid on another property which they have not done their due diligence on.

And before you buy, make sure you have done your sums properly so that you know you are buying a genuine bargain.

Remember that there's a reason why a property is being sold at an auction and you don't want to buy the wrong property, so don't take short-cuts when doing your due diligence.

Here's to successful property investing.

Peter Jones

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Copy My Plan! How I Bought £2m of Property in 4 Short Years Starting With None of My Own Money

When I started back in year 2000 I bought £2m of property in 4 years, and that was with starting from scratch and using none of my own money.

"Why did you use none of your own money", you may ask, "Is that even possible?" Well, yes, it is possible, I did it. And I did because I had just been made redundant, and I had no savings.

Ironically, when I started out as an investor I was broke and barely employed - I was working part time as a consultant doing the dross jobs my peers didn't want to do, and I was paid a pittance for my troubles. That's why I literally had to start with no money of my own.

I now have property with a combined value of over £5m. Not bad considering I started with nothing, other than the house I live in.

But I'm not saying any of this to boast. I just happened to stumble across a system for buying investment and buy to let property that works, a system that has been used probably by every successful property investor.

And I'm going to share that system with you.

Looking at the market now, there are many similarities to when I first started, and many experts agree that if you want to be financially free using property, now is the best time in years in which to buy.

The same techniques and strategies I used then STILL WORK JUST AS WELL TODAY. In fact, I am still using them to buy even more property now.

That means that, if the experts are right, this is the perfect opportunity for you to do the same as I did and put together your own multi-million pound property portfolio, should you want to.

Or perhaps you'd just like a few buy to lets to supplement your income or to help with your pension?

Whatever your reasons for buying and investing in property I can help you to put together your portfolio much more quickly and simply than I did, and I'll show you how in a moment.

But why do you need my help? Surely buying property is easy? Good question, so let me ask you a question in return:

“If property investing and buy to let is so easy, why do so many people get it so wrong?”

I meet a lot of people who jump into investing but who just don’t get it right. I’m often surprised that so many people will commit to spending such large amounts of money, but spurn the chance of getting help and advice first.

In my experience, when things do go wrong it’s often because of one or more of the following three things.

Firstly, many people think that buying a buy to let investment is like buying their own home.

It isn’t!

Buying an investment property isn’t anything like buying your own home, but many investors treat them both the same.

Big mistake.

Perhaps being a nation of home-owners makes us a bit complacent and makes us think we know more than we do? After all, a little bit of knowledge is a dangerous thing, especially when it comes to spending large amounts of money on investment properties.

There is a fundamental truth about property investing which I discovered in my role as a consultant and it explains why some investors make it, while the majority don’t.

And it’s this: “Anyone can buy a property, but not everyone buys the properties that are right for them”.

In my opinion, that is the difference between success and failure, or the difference between doing okay and doing very well indeed.

Do you think successful investors buy "the house next door", just because it happens to be the house next door so it’s easy to manage? Do you think they buy a property just because it looked cheap? Do you think they’d buy a property just because they could get a discount from the developer?

No, of course they don’t.

They have strict buying criteria based on investing fundamentals, and which fit the system I discovered, and which I am going to share with you.

They know exactly which properties they need to buy to attain their goals; they know how to find those properties; and they take the necessary steps to acquire them at the right price and on the right terms.

Anything less than that and they won't buy. It's as simple as that. Unlike the unsuccessful majority, they don't just happen to stumble into deals. Successful property investors know their strategy, they have a plan, and they take actions that are consistent with their plan.

It's not down to luck that they are successful. They have planned for success. And I will show you how you can plan for YOUR property success.

Secondly, many people try their hand at property investing without really knowing what they want to achieve from property. Sure, they may have vague ideas like 'I want to get into property' or 'I want to be a property investor' or 'I want to buy a few properties', but it's all a bit wishy-washy.

They might think, "I know what I want, I want to make some money from property". But does that mean make some income from cash-flow, or by building up equity, or even by making cash lump-sums from developing and trading?

Each answer would require following a different strategy and buying different types of properties, possibly in different locations.

Unless you are clear on why you want to buy, the most likely outcome is you won't get the results you hope for.

Third, if you don't really know what you want to achieve, then how can you choose the right strategy to achieve what you want to achieve? And if you don't have a strategy, how can you possibly buy the properties that are right for you?

The truth is that you can't!

After all, if you don't really know what you want, then any property will do.

And as we've already seen, buying any old property is a sure way to fail.

Believe me, I've seen it happen far too many times.

Many investors ignore or don't understand these basic truths and principles and, far from being financially free in property, they end up stressed and wondering why they can't make it work.

The good news is I'm going to show you how you can use the system I discovered to put together your own cash-flowing portfolio, and avoid all of these mistakes.

And if, like me, you are starting with little or none of your own money, you can still do this!

Having built my own property portfolio from scratch, and starting with virtually none of my own money, I've constructed my very own 'Home Study Course', all in one easy-to-absorb volume (although it is big – 178 pages of content on A4), so that you can have all the information you need at your fingertips.

I've called it ***The Successful Property Investor's Strategy Workshop*** and in it I tell the story of how I built my portfolio and I'll show you exactly how *you* can do the same.

It's not rocket science. Anyone can do this, but you have to go about it the right way.

Indeed, you can copy my model, if you want. That's why I'll show you everything I did, right and wrong.

Everything I did right, so you can do the same.
And everything I did wrong, so you can save time and money and avoid the mistakes and pitfalls.

I've even included real-life examples of actual properties I've bought, so you can see how it all works in practice so that you can do the same.

It took me years of trial and error to learn the system (the best part of 4 years, with many sleepless nights and much wasted time and money) so let me save you from all of that by sharing my experience with you.

The Successful Property Investor's Strategy Workshop is available as an eBook to download now and to read on your Mac, PC, iPad or tablet, for only £29.97.

If you're serious about property you'll find this small investment to be invaluable.

So to order your copy now, please go to:

www.thepropertyteacher.co.uk/the-successful-property-investors-strategy-workshop/

PLUS! Order Now And You'll Receive These Valuable FREE Bonuses as A Special Gift From Me

As a 'thank you' from me for buying, ***The Successful Property Investor's Strategy Workshop*** I've put together two special bonuses for you, each of which are worth at least £49.97, and which I know you'll find extremely helpful.

Special FREE Bonus Number One

I've put together a **series of 4 videos** (with over 90 minutes of content) to explain why strategy and property strategies are so important and to help you to choose from the different property strategies the strategy or strategies which will work for you.

I will be adding to this library of videos on a regular basis and you will have permanent access to them all.

Special FREE Bonus Number Two

"How to Always Get The BEST Finance For Your Property Deals" – top tips from a top UK mortgage broker.

First, you'll receive a free copy of ***"How to Always Get The BEST Finance For Your Property Deals".***

This an MP3 audio file of an interview I conducted with one of the UK's top experts on buy to let finance, in which he covers many of issues around buy to let, and gives his top tips for successfully raising ALL of the finance you need.

I have considered selling this as a **product in its own right for £49.97** because it contains so much great information but, when you order your copy of ***The Successful Property Investor's Strategy Workshop****,* you will receive it as **FREE gift from me**.

Special FREE Bonus Number Three

"Your 'Must Know' Answers to the Top 14 Most Common Property FAQs" – Audio file download

An audio file download, **value £49.97**, containing the 14 top Property FAQs, with 'must know' tips and information, based on the questions YOU ask me.

Whenever I meet and talk to fellow investors, **the same questions always come up**, time and again, including:

****Where will I find the best property deals?***
****What if my strategy doesn't work where I live?***
****Where should I be buying, and how do I find my properties?***
****Should I buy at auction?***
****How much should I gear up, and how much borrowing is safe?***
****Should I still be using interest only mortgages, especially if tax relief on interest is to be limited?***
****How do I structure my property business, and own or hold my properties?***
****What if the market crashes in the future?***
****What is the most tax efficient way to own property?***

And many more.

In fact, I cover, and answer in detail, the top 14 questions I am always asked.

You'll receive this Audio Download as a **FREE SPECIAL BONUS** when you order your copy of ***The Successful Property Investor's Strategy Workshop.***

So to order your copy of ***The Successful Property Investor's Strategy Workshop***, and to start building your own property portfolio, please click here now:

www.thepropertyteacher.co.uk/the-successful-property-investors-strategy-workshop/

I know that the information in the *Successful Property Investors Strategy Workshop* is of immense value to all property investors. All I'm ever interested in is value-for-money, and that applies whether I'm buying (especially property), but also whether I'm selling.

So, naturally, there's a full 60-day no-quibble money-back guarantee of complete satisfaction (which I trust you won't need, but it's there anyway), so there's really nothing for you to lose when you order your copy.

If for any reason you're not happy with your copy just email me if you order the eBook version, or return the manual if you order the hard-copy version, within 60 days of receipt, and I'll give you a full, no questions asked, refund.

PLUS, you can keep the FREE bonuses as a 'Thank you' from me for trying it.

So you can order, read and enjoy your copy completely risk-free.

I hope you have enjoyed All About Buy to Let Finance and How to Get It. By following a system and a plan, all things are possible, and property investing is no exception. I hope it has given you a few ideas and insights and I look forward to hearing all about your future property success.

Here's to successful property investing.

Peter Jones

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(ex) Chartered Surveyor, author and property investor
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PS Don't forget, for your copy of my best-selling Home Study Course ***The Successful Property Investor's Strategy Workshop***, PLUS the special bonuses including the audio file of my interview with one of the UK's top buy to let finance Experts, please go to:

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