

## Table of contents

1.	The purpose of this Guide	
	The new post-Guide you	1
	No guarantees	2
	Shortcuts	2
	How to prepare for an auction	3
	Are you sure that you don't want to read me ?	4
	Test yourself	4
2.	More about this Guide	
	Who am I ?	7
	My qualifications	7
	Not much changes	9
	What I mean by "auction", and live, dead and mostly dead auctions	10
	Why only Victoria ?	10
3.	Are you serious ?	
	Why you should put time and effort into preparing for an auction	12
	So, what do I have to do ?	13
	Read this Guide	13
	Do whatever the Guide advises that is relevant to you	16
4.	Auctions give buyers power	
	The worst way to sell a house	18
	Your chance for a bargain – Part 1	19
	Your chance for a bargain – Part 2	
	1. <i>You are the only potential buyer</i>	21
	2. <i>You are the highest bidder</i>	23
	If the house passes in, you have a friend	24
	Confirmation that auctions are good for buyers	26
	The elephant in the room	27
	Another elephant	29
	Disappointment	29
	Summary – be happy	29
5.	Auctions can be fun	
	Get a free adrenaline boost	30
	The fun and satisfaction of achievement	30
	Auction interactions	31
	Creating luck	32

6.	The golden rule of auctions, Part 1: know your limit	
	Red alert warning ! Crucial advice ahead	33
	What is the house worth to you ?	33
	A bit more about market price	35
	Determining market price	37
	<i>Rely on the information provided by the agents</i>	37
	<i>Agent's estimated price/price range</i>	
	<i>Prices of comparable houses</i>	
	<i>Median prices</i>	
	<i>Summary</i>	
	<i>Valuation apps</i>	41
	<i>The old-fashioned way</i>	42
	<i>Inspections</i>	
	<i>What houses ?</i>	
	<i>How many ?</i>	
	<i>Valuers</i>	45
	<i>So, what's the best way to determine market price ?</i>	46
	You have a reasonable idea of market price – then what ?	47
	<i>I have less than the total cost available</i>	47
	<i>I have about the total cost available</i>	48
	<i>I have more than the total cost available</i>	48
	<i>Working out what the house is worth to you</i>	48
	<i>How to do that</i>	49
	<i>That's all too difficult</i>	51
	Another story	51
	Final interim calculations	53
	<i>If the market price is higher than what the house is worth to you</i>	
	<i>If the market price is equal to or less than what the house is worth to you</i>	
7.	The golden rule of auctions, Part 2: stick to your limit	
	Determining your limit once you know what a house is worth to you	54
	<i>A quick example of costs</i>	55
	<i>What is "conveyancing" ?</i>	55
	<i>Don't forget the incidentals</i>	56
	<i>Do you need to adjust your limit ?</i>	57
	Fine-tuning your limit	58
	<i>No round numbers</i>	58
	<i>Have a small extra amount in reserve</i>	59
	Make sure you bid your limit amount	59
	Sticking to your limit	61

	<i>It's all in the preparation</i>	61
	<i>Forewarned is forearmed</i>	62
	<i>Get help</i>	62
	<i>You can do it</i>	63
8.	Make sure you've got the money available	
	Don't bid if you don't know where the money is coming from	64
	<i>Why do you need to know ?</i>	65
	<i>Pre-approvals</i>	66
	Loan application preparation tips	67
	<i>First loans are the toughest - practice "repayments"</i>	67
	<i>Start budgeting</i>	67
	<i>"Tidy up" your credit cards</i>	68
	<i>"Tidy up" your discretionary spending</i>	68
	<i>Keep records of your spending</i>	69
	<i>Explain everything in a covering letter</i>	70
	<i>Re-financing is easier, but harder than it used to be</i>	70
	<i>Lenders mortgage insurance</i>	70
9.	Should I use a buyer's advocate ?	71
10.	What the law says about auctions	
	Cooling-off period	73
	Price estimates by agents	73
	<i>The good old days</i>	73
	<i>The first try at improving things</i>	74
	<i>The second (and current) try at improving things</i>	74
	<i>Will there need to be a third try ?</i>	76
	<i>Please report reserves above the top of ranges</i>	76
	Auctions	77
	<i>Dummy bidding</i>	78
	<i>Vendor bidding</i>	78
	<i>Protection of bidders</i>	79
	<i>Disruption of auctions</i>	79
	<i>Who made the last bid ?</i>	80
	<i>First right to negotiate</i>	80
	<i>Gazumping</i>	81
	<i>Control of bidding</i>	82
11.	Do I need to check anything beforehand ?	
	The contract and the section 32 statement	83

House inspections	84
<i>Do you need a report from a professional ?</i>	84
<i>D-I-Y inspections</i>	86
<i>Getting a report</i>	88
Should I check out the house again ?	89
Should I check out commute times and the like ?	90
<i>Commuting test</i>	90
<i>Parking</i>	90
<i>Other tests</i>	91
Should I have the boundaries of the land checked ?	91
Should I have the title of the house checked ?	92
Should I have a chat with the neighbours ?	93
Do I need to try to find out how much interest there is in the house ?	93
12. Should I make a pre-auction offer ?	
Auction circumvention	95
Reasonable price	96
<i>What to offer ?</i>	97
When should I make the offer ?	98
Note about cooling-off period	98
Other reasons for making an offer	98
One other thing about what to offer	99
13. Can I change the conditions of the sale ?	
Changes to the settlement period	100
More exotic changes	101
If you are using a surrogate bidder	101
14. How to bid	
Introduction	103
You don't have to worry about the other bidders	104
Where to stand	105
How to bid (physical)	106
Overall bidding styles	106
<i>Recommended approach</i>	107
<i>Comparison of approaches</i>	108
<i>Possible second chance</i>	109
<i>Is it on the market ?</i>	110
<i>Professional approach not recommended</i>	111
<i>A cautionary tale</i>	111

Should you make the 1 <sup>st</sup> bid ?	112
<i>The majority view</i>	112
<i>The downside of the majority view</i>	113
<i>Analysis of the pros and cons</i>	113
<i>The up-shot</i>	115
The first bid: how much ?	115
How to respond to vendor bids	116
Speed and rhythm of bidding	117
<i>Bid quickly</i>	117
<i>Aren't things going to get out of control ?</i>	118
Sending a message to the auctioneer	119
Bid with confidence	119
What is the ideal size of bidding rise ?	120
Bidding tactics	122
<i>Are there any killer tactics ?</i>	122
<i>Tactics for a live auction</i>	123
<i>Combined tactics plan – your auction plan</i>	124
<i>My dead auction plan:</i>	
<i>My live auction plan:</i>	
<i>Anything else ?</i>	125
<i>The elevated bid</i>	125
<i>The knockout bid</i>	126
<i>The nuclear bid</i>	127
<i>Doing strange things</i>	128
<i>Appearances are deceptive</i>	128
<i>The pull out and then return tactic</i>	129
<i>Offering to toss a coin with the final bidder</i>	130
<i>Asking worrying questions</i>	131
In summary – you've left me short-changed !	131
15. Questions	133
16. What to do if the auctioneer might know your limit	
Another cautionary tale	136
The set up	137
What to do	138
Dummy bidding	138
Types of dummy bidding	139
What's the problem ?	140
How likely is an auctioneer to dummy bid ?	140
<i>Possible incentives</i>	141

	<i>The scorpion and the frog</i>	142
	<i>Most likely modern technique</i>	143
	<i>When might it happen ?</i>	143
	<i>Risk assessment</i>	144
	You need to drop out	145
	Other possible mitigating action	145
	<i>Ask for other bidder to be identified</i>	146
	<i>Slow down your bidding</i>	147
17.	Should I go to auctions to “practice” ?	149
18.	Can I try to buy on the spot ?	
	Is it realistic to think about bidding ?	150
	So, you’re going to bid – what next ?	151
19.	The importance of luck	
	Good luck	153
	Bad luck	153
	Reflection	154
	How to increase your luck – Part 1	155
	Oops, I forgot my Himalayan 3-stranded amulet	156
20.	Getting to the auction	157
21.	Description of an auction	
	When will an auction be held ?	159
	Who can bid	159
	Before the auction	160
	The start of the auction	160
	Who the auctioneer will be	160
	Where is the seller ?	161
	The audience	161
	The preliminaries	161
	Dead auctions	162
	Live auctions	162
	Once the bidding stops	164
	<i>If the reserve has been reached</i>	164
	<i>If the reserve has not been reached</i>	165
	Do auction results have to be reported ?	165
22.	Post-auction negotiations	
	Have I got your attention ?	166
	<i>The first set of statistics – Gavl</i>	167

	<i>The second set of statistics – Domain Research House</i>	167
	<i>Analysis of the 2 sets of statistics</i>	168
	You are the only interested buyer	169
	How your preparation helps	170
	You are the last bidder	171
	<i>Is anyone else still interested ?</i>	171
	<i>What's my position ?</i>	172
	<i>Reserve over your limit</i>	
	<i>Reserve under your limit, small gap between reserve and last bid</i>	
	<i>Reserve under your limit, significant gap between reserve and last bid</i>	
	<i>Time is your friend</i>	173
	Completely irrelevant reflection – how things change	174
23.	Success !!	175
24.	So, you missed out	176
	The law of averages	176
	How to increase your luck – Part 2	177
	In summary	178
25.	New house shock	179
26.	Other types of auctions	
	Sealed bid auction	181
	Dutch auction	182
	Other types of sale	183
27.	Shooting myself in the foot	184
28.	Your auction plan	185
29.	The really quick and dirty guide	199
30.	The expanded quick and dirty guide	201
	Index	