

'West' – 5 March 2011

SETTLEMENT PROBLEMS

Janet from Mandurah has written in and asked, "There is a house I just love coming up for auction around the corner from where my husband & I live and we must have it! The deposit is 10% which I believe we have (not sure what we will have to pay for it yet), however the settlement date is only 4 weeks after the auction and the term deposit where our money is invested won't be accessible for nearly three weeks after the proposed settlement date...What should we do?"

Thanks Janet. I would highly recommend your first point of call be the Real Estate Agent handling the auction property. In most cases they will have direct access to the Seller of the property and may very well be able to assist you in varying the terms under which you can bid at auction!

If you are confident in knowing you have "the 10% deposit" covered, then the only variation you will need to seek from the Seller is an extension of the settlement date to a suitable future date to work in with your term deposit falling due.

The Seller needs to approve this and if so, it would be wise to have this in-writing! Should you be successful in the bidding and the hammer comes down to you, the settlement date in the sale contract will be amended to suit your pre-auction agreement with the Seller.

If the Seller is not in a position to vary the terms whatsoever, then you will need to make the necessary preparations to take out some form of short term finance to bridge the three or so weeks...I take this opportunity to remind you the penalties in any property transaction are quite stiff if the fault of a delayed settlement within the required time is yours... I trust this assists you and your husband Janet, good luck!

If you have a question relating to the auction process, please feel free to email me bookings@TomEszeAuctions.com

Tom Esze is the current REIWA State Auctioneering Champion

ENDS.