

MAKING A PRIOR OFFER FOR AN AUCTION

Most auctions today will advertise the fact that prior offers will be considered. For the buyer, this opens up an opportunity to purchase a desired property without having to wait till Auction Day. However, to be successful, the buyer needs to understand the reason for an auction in the first place.

The sole reason for an auction is to find out what the highest price is that a buyer will pay. Therefore, to be successful, the buyer must understand that:

- A prior offer must be unconditional.
 - *A conditional offer will prevent the owner from going to auction, so all prior offers must be without conditions and with a deposit attached.*
- The offer must be the buyers BEST offer.
 - *The seller will not negotiate with the buyer as that would disclose the sellers reserve.*
- There will be no negotiation.
 - *The seller retains the secrecy of the reserve.*
- The seller will either accept or reject the offer.
- The buyer must convince the seller not to go to auction.
- Low offers or conditional offers will automatically be rejected.

Therefore, buyers need to be prepared to give their top price if they are making an offer before auction. As the seller will be fully informed about the number of potential buyers, it is in the sellers interest to take it to auction. Prior offers therefore must be so attractive that the seller will forego the auction and take the prior offer.

Rules for Prior Offers

The highest offer first time and there will be no automatic right of negotiation.