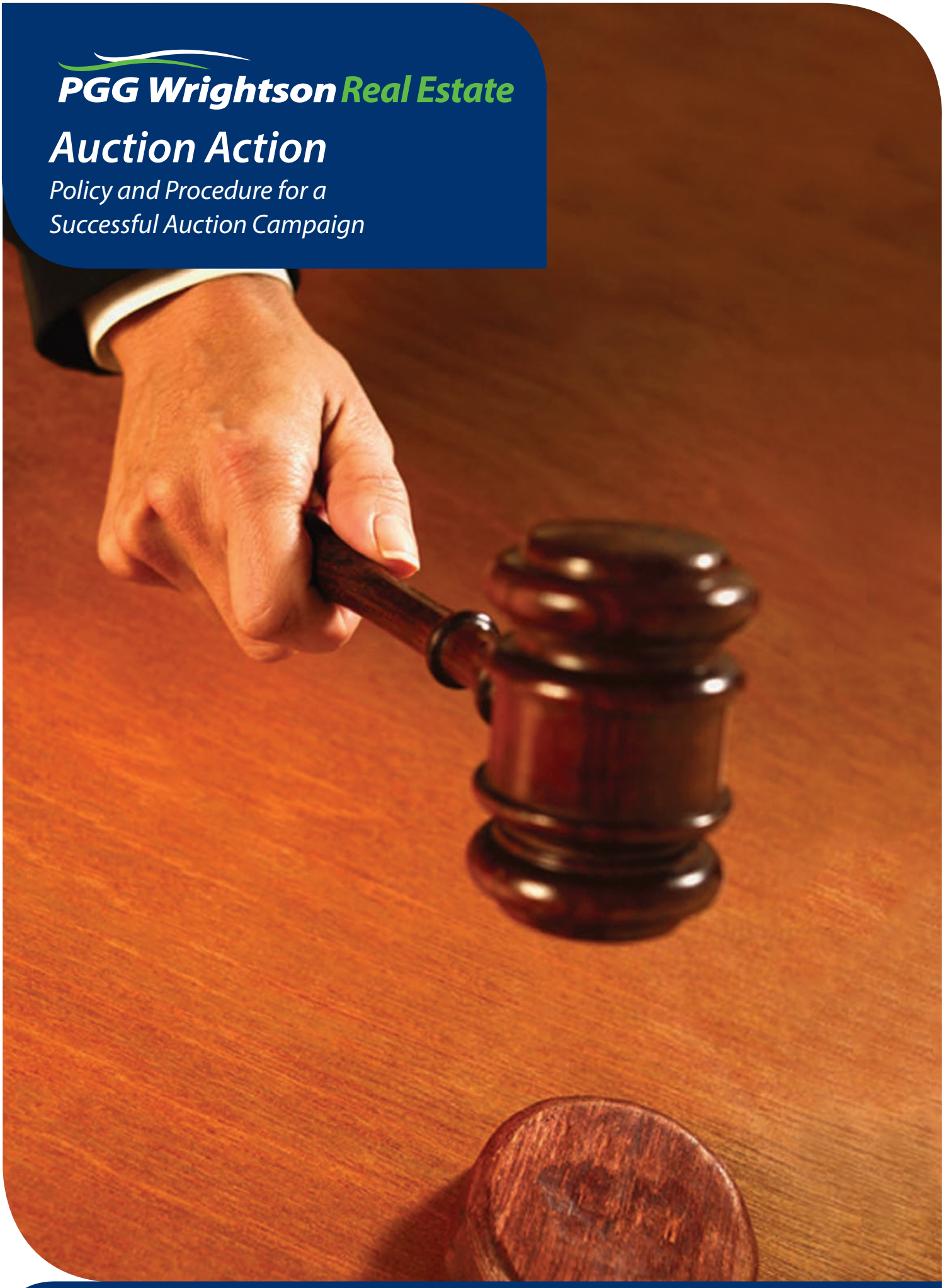
PGG Wrightson Real Estate

Auction Action

Policy and Procedure for a Successful Auction Campaign



www.pggwre.co.nz

Helping grow the country

PGG Wrightson Real Estate Ltd, Real Estate Agent, REAA 2008

Introduction



An auctioneer will take approximately six minutes to call an auction but the success or failure of the whole campaign will be determined during the preceding 60,000 minutes.

This manual therefore contains a set of guidelines that are designed to make the auction marketing process easy for salespeople to follow, no matter what their level of experience.

The manual also contains a number of examples of the 'tools' you can employ throughout the marketing campaign to ensure that, no matter what the result, the vendor can never blame the salesperson, the company or the state of the economy for the property not selling.

This manual assumes that the salesperson has already identified the property as a 'hot auction property' and has secured a signed auction authority with a fair degree of vendor paid advertising (VPA). The benefits of auction and the strategy for listing auctions are dealt with in other material available through the PGG Wrightson Real Estate training department and/or your sales manager.

PGG Wrightson Accredited Auctioneers

PGG Wrightson Real Estate has a team of qualified and experienced auctioneers strategically located around New Zealand to help you manage 'auction day'. They are available to offer advice and support to all our sales staff throughout the auction marketing campaign.

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Listing Day



Following this step-by-step process will help you run a successful auction campaign.

Remember the Five Ps - **P**roper **P**reparation **P**revents **P**oor **P**erformance.

Tick each box as you complete the task. If in doubt, consult your team leader or sales manager.

Complete the 'Office Work'

- ☐ Hand the signed auction agency authority to your office administrator (OA).
- ☐ Include all the relevant documentation such as the signed marketing authority, advertising schedule, photography, sign request and any other specific instructions.

Book the Auctioneer

- ☐ If the date you have provided to the vendor does not suit the auctioneer nor coincide with other 'in-rooms' auctions then reschedule with the vendor as soon as possible.
- ☐ Confirm if it is going to be an 'in-rooms' or 'on site auction'.
- ☐ If the auction is to be on-site, confirm there is a Plan B in case of inclement weather.

Confirm the Auctioneer's Fee

- ☐ These fees may change from time to time and must be confirmed with the auctioneer or your sales manager.
- ☐ The auctioneer's fee must be charged to the vendor as part of the marketing costs.
- ☐ Ask for the auctioneer's invoice at the time of booking the auction.
- ☐ The auctioneer's fee will only be refunded if the auction is cancelled more than five working days prior to the auction date.
- ☐ Confirm that any venue hire and associated costs are included in the total marketing budget.

Listing Day



Book the Venue

- [ ] Major rural auctions may be held in a local hall so as to include the community
- [ ] Rural auctions may also be held in the local businessmen's club, local theatre or PGG Wrightson office depending on expected numbers attending
- [ ] Single residential auctions may be held in the PGG Wrightson office
- [ ] Multiple residential auctions may be held in local businessmen's club or theatre

Book the PowerPoint Projector

- [ ] Confirm a suitable screen or blank wall is available
- [ ] Confirm power cables, multi-plug boxes and duct tape for securing the cables to the floor if necessary
- [ ] Confirm a suitable laptop computer is available to run the PowerPoint show, and test that it works prior to auction day

Marketing



Confirm Marketing Content and Schedule

- [ ] Confirm advertising and web text with vendor
- [ ] Confirm choice of photographs with vendor
- [ ] Confirm that the ad 'booking' price is the same as 'quoted' price (advise your vendor if there are any discrepancies)
- [ ] Prepare a DRAFT Information Memorandum (IM) on the property
- [ ] Confirm IM content with the vendor
- [ ] Send a copy of the IM to the auctioneer as soon as possible
- [ ] Send a copy of the IM to your electronic database as soon as possible
- [ ] Book open days

Prepare Press Release Information

- [ ] PGG Wrightson Real Estate provides free editorial support for any property (where possible)
- [ ] Send the property IM with high-resolution photos and any other relevant information to the head office marketing department

Legal and Other



Prepare the DRAFT Auction Particulars and Conditions of Sale (Ps & Cs)

- ☐ Confirm full list of chattels with the vendor
- ☐ Confirm preferred possession date and other special terms and conditions
- ☐ Confirm 'Further Terms of Sale' with the vendor
- ☐ Send a DRAFT copy of the Ps & Cs to the vendor's solicitor for confirmation
- ☐ Send a copy of the final Ps & Cs to the auctioneer as soon as possible

Prepare 'Post Auction Agreement' (PAA) – ADLS Agreement for Sale and Purchase of Real Estate

- ☐ Use the PAA if the property is not sold under the hammer or immediately after auction.
- ☐ The auction Ps & Cs may be used up to 24 hours after auction if you are dealing with one of the bidders at the auction and they have been given a copy of the auction Ps & Cs and the REAA Guide.
- ☐ Any offers prepared 24 hours after auction must be submitted on the Post Auction Agreement.

One Week Prior to Auction



Confirm the Auction Venue

- [ ] Confirm rooms are available or reinspect on-site facilities
- [ ] Confirm private break-out rooms for negotiation or signing of documents
- [ ] Prepare spare copies of the Ps & Cs and have available at the venue
- [ ] Prepare a board to display a copy of the Ps & Cs

Confirm the hardware

- [ ] Rostrum, technology (projector, power cords, lap top, etc)
- [ ] Confirm flags and banners, etc
- [ ] Run through the slideshow
- [ ] Lighting, music and flowers/decoration
- [ ] Send invitations to neighbours, other vendors, lawyer, etc

Team Brief

- [ ] Brief team on auction day responsibilities
- [ ] Book who's going to be there on the day. Jobs include:
  - Meet and greet at the door
  - Bid recorder (ensure they have a bid record sheet)
  - Spotters (if needed)
  - Who's controlling the PowerPoint show?
  - Is afternoon tea provided? If so, who's responsible?
  - Book refreshments

Auctioneer Documents Required

- [ ] The following documents must be sent to the auctioneer well in advance of auction day:
  - Information Memorandum / Property Brochure
  - Ps & Cs of sale
  - Recent vendor weekly reports (suggested template included under 'Reporting')

One Week Prior to Auction



Auctioneer Brief

- [ ] The following detailed information must be provided to the auctioneer:
  - Vendor's reason for selling
  - Any sensitive family issues
  - Vendor's motivation level
  - Buyer profiles
  - Buyer feedback
  - Where do the buyers see the likely selling price?
  - What feedback (good or bad) have you been getting from buyers?
  - Relevant selling points
  - Copy of PowerPoint slideshow
  - Any further relevant information
- [ ] Advise number of people expected to be bidding
- [ ] Discuss expected reserve, hold price (most credible pass-in price) and bidding range
- [ ] Confirm if you would like the auctioneer to take a leading role in any post-auction negotiations

Legal and Other

- [ ] Confirm there have been no changes to the auction Ps & Cs
- [ ] Confirm if there are any variations (side agreements)
- [ ] Ensure all chattels, fixtures and fittings are the same as recorded
- [ ] Provide prospective bidders with REAA Buyers Guide

The Week Before Auction

This time can be spent ensuring you have contacted anybody who may be interested in the outcome of the auction.

- Contact all previously interested buyers and ask them if they'll be attending
- Contact any other interested party (neighbours, lawyers, family, etc)
- Send final weekly report to vendor three days prior to auction
- Arrange auctioneer visit and reserve set meeting
- Prepare final briefing for auctioneer containing:
  - Vendor's motivation
  - Buyer profiles
  - Buyer feedback
  - Where do the buyers see the likely selling price?
  - What feedback (good or bad) have you been getting from buyers?
  - Relevant selling points
  - Copy of PowerPoint slideshow
  - Any further relevant information

MY NOTES

One Day Prior to Auction



The Day Before Auction

This time is well spent ensuring you have everything organised and under control and that you will have no suprises on auction day.

- ☐ Confirm venue and facilities
- ☐ Confirm administration requirements
  - Auction Reserve letter
  - Bidding sheet
  - Receipt book
  - Deposit book
  - Telephone bidders authority
  - Third party bidding authority
- ☐ Confirm which agents will be handling telephone bids or bidding on behalf of absent buyers and have appropriate authorities signed
- ☐ Confirm meeting time with auctioneer and vendor
  - Auction Day Buyers Guide
  - P's & C's
  - Post Auction Agreement
  - Confirm venue set up or who's going to help

The BIG Day



Auctioneer Brief

- [ ] Inspect the property
- [ ] Meet vendor to set the reserve
- [ ] Explain the auction process
- [ ] Confirm the latest market opinion of value
- [ ] Advise the most credible pass-in price
- [ ] Identify the likely bidders
- [ ] Introduce auctioneer to the bidders if possible
- [ ] Warn the auctioneer of any potentially difficult questions

Set Up the Auction Rooms

- [ ] Venue to be tidy and set up well before time
- [ ] Banners and flags posted inside and out
- [ ] Seating layout should be narrow and long (like an aeroplane) not wide and short (like a theatre)
- [ ] Leave a centre aisle open and block sides if possible
- [ ] Encourage visitors to be seated

The BIG Day



Equipment

- [ ] Each region should have an 'auction kit' containing the following:
  - PGGWRE banners and auction flags
  - Street directional signs
  - String and scissors
  - Cable ties
  - Staple gun
  - Drawing pins
  - Duct tape
  - Multi-box

Administration

- [ ] Ensure you or your OA have the following on hand:
  - Trust account deposit and receipt books
  - One original copy of the Ps & Cs for signing
  - Sufficient copies of the post auction agreement (if required)
  - Registration of buyers should be considered but not mandatory
- [ ] Confirm position of rostrum and screen
- [ ] Provide noticeboard for Ps & Cs
- [ ] Test the IT

The Week Before Auction

This time can be spent ensuring you have contacted anybody who may be interested in the outcome of the auction.

- Contact all previously interested buyers and ask them if they'll be attending
- Contact any other interested party (neighbours, lawyers, family, etc)
- Send final weekly report to vendor three days prior to auction
- Arrange auctioneer visit and reserve set meeting
- Prepare final briefing for auctioneer containing:
  - Vendor's motivation
  - Buyer profiles
  - Buyer feedback
  - Where do the buyers see the likely selling price?
  - What feedback (good or bad) have you been getting from buyers?
  - Relevant selling points
  - Copy of PowerPoint slideshow
  - Any further relevant information

Show Time



Conduct the Auction:

- [ ] We are all on show so a high standard of corporate dress is mandatory for all salespeople deemed to be 'on duty':
  - Men – shirt and tie, jackets optional
  - Ladies – smart uniform
- [ ] Salespeople on duty must wear name badges
- [ ] If you do not have a specific job, consider attending in tidy casual dress
- [ ] Salespeople must NOT gather in small, self-conscious groups at the back of the room
- [ ] Appropriate music should be playing and/or slideshow rolling
- [ ] Provide movement and activity while waiting for the auction to commence
- [ ] Mix and mingle with the crowd, even if it's to have a chat with a friend
- [ ] Salespeople with potential buyers should sit near their prospective customers

Auction SOLD:

- [ ] If sold under the hammer, congratulate the purchaser and have them sign the Memorandum of Contract, complete the GST Addendum and pay the required deposit
- [ ] Provide the purchaser with a receipt for the deposit
- [ ] Congratulate the vendor and offer refreshments
- [ ] If appropriate, introduce the vendor to the buyer after they have completed the documentation
- [ ] Put a SOLD sticker on the road sign as soon as possible
- [ ] Consider further editorial comment on successful auction

Show Time



Auction Passed In

- ☐ In this case, the bidding did not reach the vendor's reserve.
- ☐ The property will be passed in at the 'most credible pass-in price'.
- ☐ The property may be passed in to the highest bidder to continue negotiating at the vendor's reserve price.
- ☐ Negotiations between the vendor and the purchaser should be conducted in the privacy of break-out rooms without letting either party leave the venue.
- ☐ Encourage under bidders to remain at the venue, as they may get an opportunity to enter the negotiations at a later stage.
- ☐ Only begin negotiating with any under-bidders once all other negotiations have ceased.
- ☐ Change all advertising.

If you've done all of the above tasks, you will have a reasonable number of well-informed and motivated buyers, a well-informed and motivated vendor and a competent auctioneer, then you have given yourself and your vendor the very best chance of selling the property.

Good luck.

Supporting Material



The following information will guide you through the other important tasks to ensure a successful outcome of any auction marketing campaign:

Weekly Reports

Properly written weekly reports are a vital part of the selling process and should be provided to all parties involved. Seek your vendor's permission to send copies to their trustees and/or lawyer.

A well-informed and educated vendor is more likely to make a selling decision on the day than an ill-informed vendor.

Your weekly reports should be a formatted document including comment on the following:

Marketing	Comment on effectiveness and feedback on any marketing issues
PR	Detail any press releases that have been achieved
Internet Hits	Summarise number of hits on various websites
Signs	Note any enquiry generated from the road sign
Buyers Register	Create a buyers register and comment on each. Record when they have inspected the property and also when/if they received the Ps & Cs
Buyer Inspections	Detail weekly inspections.
Buyer Feedback	Feedback comments (good and bad)
Pricing Feedback	Be honest (bad news is much better than no news)
Work in Progress	Detail any work being done, eg waiting for confirmation of Ps & Cs from solicitor, etc
Summary	Comment here on the overall success or otherwise of the campaign and likely outcome. Be honest – don't throw your vendor a 'life-line'
Attachments	Attach a copy of any ad proofs, etc

Sample First Weekly Report

Sample First Weekly Report

15 July 2013

PGG Wrightson Real Estate Ltd
Real Estate Agent, REAA 2008

27 Glover Road, Hawera 4610
P O Box 456, Hawera 4640
New Zealand

Telephone 06 278 0424
Facsimile 06 278 0422

(by email: client@xtra.co.nz)

Dear Vendor,

(Address of property)

I'm delighted to provide my first formal progress report on the activity surrounding the sale of *[your property]* by auction for the **week ended 22 March 20XX.**

Newspaper
Newspaper advertising has begun appearing according to the approved schedule and budget, and I have received *[number]* calls off that advertising already.

Internet
[Your property] appears on all of the selected internet sites with a good amount of interest being shown already on www.pggwre.co.nz www.trademe.co.nz and www.nzfarms.co.nz.

There have been an encouraging total of *xxx* hits so far. Many of these hits will be initially generated from our newspaper advertising and the various database and RD mailouts, etc.

This drives people to their favourite website for more information and a slide show before encouraging them to pick up the phone.

Hit reports to date (22 March) are as follows:

	To date:
PGWRE:	44
TradeMe:	127
NZfarms:	27
	198

I'm sure that this very good 'hit rate' will translate into physical visits very soon.

PR
I've prepared a Press Release for inclusion the *[local newspaper]* but the running of such PR is entirely at the discretion of the newspaper.

Buyers Register
I've had nine people respond directly to the marketing and I expect more enquiries once people have had the time to digest the IM/Property Brochure that I sent out to my database and the local mail drop.

See the Buyers Schedule attached for details.

Buyer Inspections
No inspections booked so far.

Buyer Feedback
No serious feedback yet.

Pricing Feedback
Nil

It's vitally important that if anybody asks you what you are hoping to get for your property you do NOT give them a figure. This could prevent you from getting a real premium on auction day.

Work in Progress
Auction Documents are with your lawyers now, and I'll be sending them out to our qualified buyers once we receive them in our office.

Summary
Generally I've been happy with the level of interest shown in *[your property]* so far although no one has booked for an inspection yet.

I believe we can rely on having at least two or three people at the auction, but the level of their bids will reflect where they see the value of your property on the day.

I look forward to giving you some good positive feedback next week.

In the meantime, if I can be of any further assistance, please feel free to call me anytime.

Kind regards,

Top salesperson
(Licence No. 10008xxx)
72 Success Street
Anytown
NEW ZEALAND

Attachments:
Buyers schedule
Advert proof

Supporting Material



Keep your vendor informed so that there are no surprises on auction day. Give them all feedback (both good and bad).

Your weekly report should follow the following format:

Week one	All the good news ☺☺☺
Week Two	All going well ☺☺
Week Three	Going OK but could be better 😐
Week Four	Not too sure now but we're hopeful of a result ☹
Week Five	Not too sure if we'll have many buyers ☹☹
Week Six	Let's hope we get a buyer ☹☹☹ (This final report will be the basis for setting a realistic reserve.)
Auction Day	☺☺☺☺

Conduct of Open Days



Management of open days is an important function if you are to demonstrate how professional you are and to show the property in its best light.

Key things about open day management are:

Rural

- Send invitation to all interested parties including banks, lawyers, etc
- Have sufficient IMs with farm maps available
- Have Ps & Cs available
- Have buyer register of inspection form
- Encourage feedback on interest and price
- Allocate other staff responsibilities regarding security, driving, etc
- Have safety briefing before allowing anybody across the property
- Point out any hazards
- Flag the route around the property if multiple vehicles are being used
- Consider a sound system if required
- Be aware of security and safety

Residential

- Send invitation to neighbours and other interested parties
- Have sufficient property brochures available
- Have Ps & Cs available
- Have buyer register of inspection form
- Encourage feedback on interest and price
- Be aware of security and safety

Open days provide five opportunities to create business:

- Showcase yourself and your company
- Meet potential buyers
- Meet potential sellers
- Showcase the property
- Sell the property you are showing

MY NOTES

Reserve Setting and The Auctioneer



Reserve Setting

This will be the last meeting between you and the vendor, and should involve the auctioneer.

You will have educated the vendor through your weekly reports and this is the time to reinforce the message. Have all copies of the weekly reports and buyers schedule available for reference.

The auctioneer will be experienced in advising the vendor about setting a realistic reserve but will be guided by you with regard to:

- Where to open the bidding to ensure participation - opening bid
- Where to hold the bidding if there is a lack of interest from the floor – hold price
- What the likely selling price may be – sell price

The Auctioneer

By now, you will have provided the auctioneer with all the information he/she needs to conduct a successful auction on your behalf. You will also have provided:

- A willing and well-informed vendor
- A realistic reserve
- A bench of willing and well-informed buyers
- A well-prepared and decorated auction venue
- A support team of real estate salespeople to assist

The rest is up to the bidding on the day – good luck!

'On-site' Versus 'In-room' Auctions



The most common and successful auctions are conducted 'in rooms' and, in the case of major city real estate companies, they are mostly conducted as auction collections containing a number of different properties.

Some 'on-site' auctions may be appropriate where a property has a number of outstanding features that may add to the emotional attachment on auction day.

Care must be taken to choose the most appropriate location for any auction, considering the following:

Advantages of 'In-Room' and 'Multiple' Auctions

- Provide a professional and controlled environment
- Can be decorated with company flags and banners
- Control audience placement and seating
- Able to present a slideshow
- Auctioneer able to manage the whole 'show'
- Provides adequate break-out rooms
- Multiple auction collection can be run
- Attracts bigger audience
- Buyers retain anonymity (less obvious)
- Encourages urgency
- Salespeople can 'work the floor'
- Time-efficient for salespeople
- Best opportunity to promote PGG Wrightson Real Estate salespeople
- No issues with weather

Disadvantages of 'In-Room' and 'Multiple Auctions'

- Auctioneer and selling salesperson may have less time with individual clients
- Impersonal
- Vendor may feel they are just part of a process
- Vendor may feel they are in competition with other vendors
- Sales team needs to be well-drilled on conduct of auction

'On-site' Versus 'In-room' Auctions



Advantages of 'On-Site' Auctions

- Emotive appeal – location, views, seclusion aspects
- Single focus on one property

Disadvantages of 'On-Site' Auctions

- Single focus for buyers
- Lack of competition
- Lack of anonymity
- Difficult to control audience placement
- Difficult for salespeople to 'work the room'
- Vendor anxious about presentation
- Weather risk – need for Plan B
- Security of vendor's property
- Unable to run slideshow
- Temporary flagging and banners

Multiple Auctions



When a number of auctions are scheduled on the same day at the same venue, these are described as multiple auctions or auction collections.

They are common practice all over Australasia, particularly by some of the larger real estate companies in the big cities. They can, however, be very successful in small towns anywhere in New Zealand.

Care is needed therefore to ensure success

- Ensure the whole team is committed to the process of listing auctions
- Ensure the team is committed to success on the day
- Allocate jobs to the sales team
- Ensure you have a suitable venue
- Provide the 'batting order' to manage the process
- First property offered should be the one most likely to sell
- Ensure adequate break-out rooms for post-auction negotiation and signing

Auction Etiquette



Side Agreements

Side Agreements may be prepared when a purchaser wishes to bid subject to various other terms and conditions, for example, an altered settlement date or variation to deposit.

Alteration to Reserve

The vendor may at any time during the auction amend their reserve price (up or down) by signing such alteration on the reserve letter and authority form.

Telephone Bidding

A telephone bidding form must be filled out well in advance of the auction if a buyer wishes to use a salesperson or another person to bid on their behalf at auction.

Vendor Bidding

The vendor reserves the right to bid personally, by a representative, or through the auctioneer. The auctioneer will exercise the option to place vendor bids at their sole discretion. There shall be no 'dummy bidding' by friends or family of the vendor.

Supporting Documents



- Best practice guide - Auction
- Auction day buyers guide
- Telephone bidding form
- Third party bidding form
- Reserve letter and authority
- Bidding record sheet
- Auction check list
- Recommended set-up of auction rooms

Best Practice Guide - Auction

1. General

1.1 When conducting the sale of a property by auction, members shall not engage in any conduct which is misleading or deceptive or is likely to mislead or deceive. This principle applies to conduct prior to, at and after the auction.

2. Before the Auction

2.1 Members shall not advertise a property as being for sale by auction unless there is intended to be an auction and unless a written auction authority form has been duly executed by or on behalf of the seller.

2.2 Members shall provide a copy of this Code to prospective sellers prior to having them sign the auction authority.

2.3 Sellers must sign an acknowledgment of acceptance of the terms of this Code, which shall form part of the auction authority.

2.4 Prior to the auction the member shall make available for inspection the terms and conditions under which the sale of the property by auction will be undertaken.

2.5 If applicable the member shall specify in such terms and conditions of sale that the seller reserves the right to bid either personally or through an agent.

2.6 The member shall make this Code available for inspection prior to the auction.

2.7 Members must make reasonable endeavours to inform all interested parties if a property is to be withdrawn from auction or is to be sold prior to auction.

3. At the Auction

3.1 The auctioneer shall conduct the auction at all times with integrity and in compliance with the law of New Zealand and this Code.

3.2 The terms and conditions of sale shall be on display and available for inspection, together with this Code, at the auction. Any portion of the terms and conditions of sale relating to the description of the property will be read aloud by the auctioneer at the commencement of the auction of that property.

3.3 Before commencement of the bidding for a property the auctioneer shall announce whether the seller has set a reserve price. The reserve price, if any, shall not be disclosed to bidders.

3.4 Before commencement of the bidding for a property the auctioneer shall announce whether the seller has reserved the right to bid one or more times at any level below the reserve price at the auction and, if so:

(a) Whether the member has been appointed to bid on behalf of the seller and, in such case, that all bids made on behalf of the seller will be made and declared by the auctioneer; or

(b) Whether the seller or some other person will be bidding on behalf of the seller and shall identify that person in which case any bid made by that person shall be declared by the auctioneer.

Neither the member nor any salesperson engaged by the member shall make or assist any other person to make any bid on behalf of the seller in contravention of any announcement by the auctioneer pursuant to this clause. The member, or any salesperson engaged by the member, shall immediately advise the auctioneer of any bid which they believe to be made in contravention of this clause.

3.5 Where the seller does not provide the auctioneer with a written reserve prior to the auction, the auctioneer shall announce that the property is to be sold without reserve and no bid shall be made by or on behalf of the seller at the auction.

3.6 In making a bid on behalf of the seller at the auction, the auctioneer shall exercise his/her independent judgement.

3.7 Where in advance of the auction, any contractor/employee of the member or the auctioneer has been requested to bid for a prospective buyer, whether that buyer is present or absent, the auctioneer will announce that fact and identify those contractors/employees who will be so bidding.

3.8 The auctioneer shall ensure that the amount of any bid is clearly stated.

3.9 The auctioneer may refuse any bid.

3.10 The auctioneer shall resolve any disputed bid in accordance with the terms and conditions of sale governing the auction. If such terms and conditions do not specify how disputed bids are to be resolved then the auctioneer shall resolve any disputed bid in accordance with the Particulars and Conditions of Sale by Auction 3rd Edition (or any document approved by the REINZ in substitution thereof).

3.11 Under no circumstances will a bid by or on behalf of the seller be exercised by the auctioneer at or in excess of the seller's reserve price.

3.12 The auctioneer will always clearly announce if the property is about to be sold under the hammer.

3.13 Subject to the reserve price being reached, the highest bidder shall be the buyer.

3.14 If the seller so instructs, the auctioneer will announce during the course of the auction that in the event of the property being passed in the highest bidder will have the first right of purchase of the property at the seller's reserve price.

4. After the Auction

4.1 If a property is passed in at auction, no post□auction advertising for the property shall make any reference to any seller bid made for the property at the auction.

5. General

5.1 Members shall promptly report any alleged breaches of this Code to the Real Estate Institute of New Zealand Inc in writing specifying the particulars of the alleged breach and providing originals or copies of any relevant documents.

Auction Day - Buyers Guide



Buying a property at a PGG Wrightson Real Estate auction can be an exciting and rewarding experience.

This guide is designed to give you confidence to bid at a PGG Wrightson Real Estate auction. If you have any specific questions after reading this guide, please feel free to discuss them with your legal adviser or the real estate salesperson conducting the sale.

Conduct of the auction:

1. **Particulars and Conditions of Sale of Real Estate by Auction** is a document that contains the conditions of sale under which the property is offered and information on how the sale will be conducted. It also contains any of the vendor's special terms of sale. You should familiarise yourself with this document and/or seek legal advice before bidding at auction.

2. **Buyer Registration**
Buyers may be required to register prior to bidding. This is at the discretion of the salesperson conducting the sale.

3. **Opening Bid**
The auctioneer will generally call for an opening bid or offer from the floor. Don't be afraid to call out a realistic opening bid to start the auction. It's important where the bidding ends, not where it starts.

4. **Vendor Bidding**
The auctioneer may be instructed by the vendor to bid (make counter-offers) on their behalf. This is called vendor bidding and may occur up to the vendor's reserve price. The auctioneer is required to declare when he/she is bidding on behalf of the vendor.

5. **False or Dummy Bidders**
PGG Wrightson Real Estate auctions are conducted in accordance with the REINZ Auction Code of Practice, which does not allow unauthorised bidding by any other party.

6. **Third Party Bidding**
You may wish to have someone bid on your behalf if you can't attend the auction or if you feel nervous about bidding yourself. You can instruct your lawyer, a family member or your agent to bid on your behalf, as long as they have your written authority and acknowledgement that they may be required to sign the binding Memorandum of Contract on your behalf. Third party bidding forms are available from your agent.

7. **Telephone Bidding**
If you are unable to attend the auction but still wish to bid, you can instruct your agent to relay your bids by telephone. This is called telephone bidding and is now common practice. You will need to provide your written authority to the agent and acknowledge that you will complete all the relevant documentation if you are the successful bidder. Telephone bidding forms are available from your agent.

8. **The Bidding Process**
To be successful at auction you should confirm your interest to the salesperson that showed you through the property. They will be able to advise you when to place a bid and what increases you should make.

When the auctioneer declares that "the property is on the market", it means that the bidding has reached or exceeded the vendor's reserve and that the highest bidder will be the new owner.

9. **The 'Call Down'**
The auctioneer will generally offer the property to the highest bidder three times. This is referred to as the 'call down'. The auctioneer will then call 'for the third and final time'and then announce the property is 'SOLD'. Feel free to bid at any time during the call down.

Some more handy tips to make sure you are informed and prepared to bid at auction:

- Decide on your best and final price – Decide the maximum amount you are prepared to pay for the property and stick to it. Don't let someone else's spirited bidding put you off going to your limit.
- Bidding – When you are bidding, do so with confidence and speed. Respond quickly when someone is bidding against you.
- Make yourself visible – Make your bids obvious by raising your hand or a sheet of paper. Once you have the auctioneer's attention, maintain eye contact with him at all times.

Should you require any help or have any questions, please feel free to approach one of our sales team at any time. Good luck and good bidding!

Telephone Bidding Form



TELEPHONE BIDDING AUTHORITY

Sales Manager
PGG Wrightson Real Estate Ltd

_____ Branch

Dear Sir/ Madam,

Re: The forthcoming Auction by PGG Wrightson Real Estate of the property situated at;

Property Address:

I / we _____ of (Address) _____

(contact phone number(s)) _____ hereby give notice to PGG Wrightson Real Estate Limited that I/we intend to bid by telephone for the property described herewith:

Certificate of Title: _____

Area of Property: _____

The property is to be auctioned on (Date/Time): _____ pm/am _____

at (Venue): _____

In consideration of the vendor agreeing to me/us bidding by telephone, I/we agree that, if I/we are the successful bidder at the aforementioned auction, I/we will forthwith and immediately at the conclusion of the auction fulfil all obligations of the said Auction Particulars and Conditions of Sale by;

1. Complete all relevant details on the Memorandum of Agreement for the property and;
2. Sign the completed copy of the Memorandum of Agreement of Sale for the property and;
3. Fax/Email to the Auction venue (or the address as provided by the Auctioneer) the signed Memorandum of Agreement and;
4. Immediately pay the deposit by;
   a) electronic transfer to PGG Wrightson Real Estate Limited's Trust Account 02 0900 0001623 00 or;
   b) Depositing a bank cheque to PGG Wrightson Real Estate Limited's Trust Account 02 0900 0001623 00 and forwarding a copy of the deposit slip to the address as in 3 above.

I / We have in our possession a copy of the Auction Particulars and Conditions of Sale and have read and fully understood them.

Full Name: _____

Signature: _____ Date: _____

Witness: (Full Name) _____

Witness Signature: _____

Witness Address: _____

Third Party Bidding Form



The Sales Manager
PGG Wrightson Real Estate

Date _____

Dear Sir/Madam,

Re: >>>>Vendor >>>>> Auction

We refer to the forthcoming sale by Auction being conducted by your Company, of the property at; (address)

_____

I/We, _____

Wish to bid for the above property and hereby nominate (full name of nominee)

_____ to bid on my/our behalf.

I/We hereby appoint the above named as our nominee and authorise them on the day of the auction to actively bid up to a value as discussed and approved by me/us. I/We have provided our nominee with this information which shall remain confidential to me/us and our nominee which shall not be disclosed to any party preceding or post auction.

Should the nominee be declared the purchaser at Auction they will;

1) Complete all relevant details in the Memorandum of Contract as attached to the Particulars and Conditions of Sale by Auction in the manner prescribed.

2) Include their full name and the words "and or Nominee" as purchaser on the Memorandum of Contract.

3) Sign the Memorandum of Contract.

4) Pay to PGG Wrightson Real Estate Limited an amount being 10% of the purchase price. To be paid by cheque or direct credit on the day of the Auction.

I/We agree and acknowledge we have a contractual agreement with the nominee, providing them full powers to act on my/our behalf at this auction and that;

1) I/We will indemnify my/our nominee for any expenses and costs incurred relating to the sale.

2) I/We will execute a transfer in favour of the nominee to assign the purchase of the property to my/our chosen purchasing entity or company immediately.

My/Our signature(s) will be witnessed by:

Witness Name: _____

Address: _____

Occupation: _____

Signed: _____ Dated: _____

Reserve Letter and Authority



AUCTION RESERVE AND AUTHORITY
Private and Confidential

TO: PGG Wrightson Real Estate Limited at (Branch) _____

I/We, the owners below, HEREBY give the following instructions in respect of my/our property

being auctioned at (Venue Address) _____

On the …… day of ……., 201…… at …….am/pm.

Property Address: _____

Property Description: _____

Certificate of Title(s): _____

I/We AUTHORISE you to accept a figure of or exceeding $ _____
plus GST (if any) / inclusive of GST (delete one) being "the reserve" or other such figure as I/we may subsequently instruct you to accept in writing or otherwise on auction day.

I/We AGREE to the following settlement date(s): _____

I/We AUTHORISE the auctioneer to utilise the "vendor bid" on my/our behalf, at his/her discretion, up to but not at/or exceeding the reserve price, and I/we UNDERTAKE that no other party will bid on my/our behalf.

As the owner(s) of the property to be sold at auction, I/we HEREBY AUTHORISE the agent and/or the auctioneer to sign a contract for sale on my/our behalf SUBJECT TO the reserve price fixed from time to time by me/us, the owner(s).

I/We WARRANT that I/we have the authority from all or any co-owners of this property to sign this instruction AND FURTHER CONFIRM that a personal cheque from the successful purchaser to pay the required deposit is acceptable / unacceptable (delete one).

Owner/Vendor (full name) _____

SIGNED: _____ _____

Owner/Vendor (full name): _____

SIGNED: _____ _____

Dated: _____

Bidding Record Sheet



Branch:

Salesperson:

Vendor:

Property Address:

Auction Date:

$	$	$
$	$	$
$	$	$
$	$	$
$	$	$
$	$	$
$	$	$

MY NOTES

Auction Checklist



Branch:

Salesperson:

Vendor:

Property Address:

Auction Date:

(For use immediately after securing an auction listing)

Listing Day	*Complete*
Complete 'office work'	
Book Auctioneer	
Confirm Auctioneer's Fee	
Book the Venue	
Book Power Point Projector	
Confirm Hardware	
Confirm lap top computer	

Marketing	*Complete*
Advert and web text	
Photography	
Confirm Budget	
Information Memorandum (for Rural)	
Client Property Report (CPR) for Residential	
Confirm content with vendor	
Send copy to auctioneer	
Send to database	
Book Open Days	

Legal and Other	*Complete*
DRAFT Particulars and Conditions	
Chattels - Farm	
Chattels - Household	
Possession Date	
Further Terms of Sale	
Notices	
DRAFT P's & C's to vendor's lawyer	
Final P's & C's to auctioneer	
Post Auction Agreement	

Auction Checklist



Week Before Auction	*Complete*
Venue inspection	
Flags and banners	
P's & C's	
Technology	
Slide show	
Invitations	
Team Briefing	
Documents to auctioneer	
Auctioneer brief	
Legal and other	

Day Before Auction	*Complete*
Confirm venue	
Confirm hardware	
Reserve letter	
Bidding sheet	
Receipt book	
Deposit book	
Telephone bidding sheet	
Team brief	

The BIG Day	*Complete*	
Auctioneer Brief		
Property inspection		
Vendor meeting		
Reserve Set		
Set up auction room		
Confirm hardware		
Confirm stationery		
P's & C's		
Post Auction Agreement		

Key Points about Auction Day

1. Presentation: Men – shirt & tie, jackets optional, ladies smart uniform.
2. Name Badges.
3. Venue to be ready well before time and immaculate.
4. Flags to be clean and wrinkle free
5. Music playing and flowers in vases or shrubs if possible
6. Banner/flag and direction arrows posted outside
7. Mix and mingle
8. Single and Multiple Auction fee (More than one on the same day): $500.00 Plus GST each

Recommended Set-up for Auction Rooms



Standing area

Plant

Plant

Plant

Rows of seating

Rows of seating

Aisle - Wide space for salespeople to work

Aisle - Wide space for salespeople to work

Spotter

Data Projector

Stand

Marker

Rostrum

Spotter

Auctioneer

PGG Wrightson
Real Estate flag

Plant

Screen

Plant

PGG Wrightson
Real Estate flag