

# GLOSSARY OF TERMS

To assist you with the terminology used around auction sales, we've put together a simple glossary of terms commonly used to explain each one.

## TRADITIONAL AUCTION

A traditional auction is also known as an unconditional auction: In this instance a 10% deposit is paid on the same day and contracts exchanged immediately. Completion generally takes place 28 days later. An auction of this nature is generally best suited to investors and property professionals buying without the need of borrowing money.

## MODERN METHOD OF AUCTION

The modern method is also known as a conditional auction: At the close of the auction or when an offer is accepted, the purchaser places a deposit or non-refundable reservation fee to secure a property. Whether you are required to pay a reservation fee or deposit will vary depending on the vendors instructions - this will be clearly stated in the terms and conditions attached to the property. The buyer is then generally expected to exchange contracts within 28 days of their solicitor receiving the draft contracts and 56 days in which to complete the transaction.

## STARTING PRICE

Every property will be advertised with a starting price, this has been the level recommended at which the bidding should begin. Potential buyers must not rely upon this as a valuation, as in almost every case the reserve will be above this level. It is important to note that in general, any reserve price would be no more than 10% above the starting price. Starting Prices are subject to change.

## RESERVE PRICE

A reserve price is the minimum amount a seller is willing to accept for the subject property. Reserve prices are not published as this is a private agreement between the seller and the auctioneer. The figure will generally be no more than 10% more than the starting bid. The Reserve Price is subject to change.

## RESERVATION FEE

Each property is sold subject to a reservation fee (unless stated). If you are interested in a particular lot, we recommend speaking with a member of our team before you start bidding and clearly read the terms and conditions attached to the property. The non-refundable reservation fee is payable in addition to the final price agreed and is held as a reservation until exchange of contracts takes place on the property. If the sale falls through due to the vendor breaching the terms of the agreement, any reservation fee or deposit will become repayable in full. Only the successful bidder will be required to pay a reservation fee.

## RESERVATION FORM

This is an agreement between the auction company and the buyer. It lays out in plain terms the conditions which need to be met by the successful buyer. Any sale will not commence, and the Notification of Proposed Sale will not be sent to the solicitors until the reservation form has been signed by the buyer.

## PRE-AUCTION OFFERS

Any offers made pre-auction will need to come through our auction team who will explain the process to you. The seller can consider offers prior to the live auction, but this is at their discretion to do so and a reservation fee will be required if the offer is acceptable, as per our modern method of auction conditions.

## EXCHANGE OF CONTRACTS

This is where the buyer will sign the sales contract and it is passed to the seller to sign. Once signed, both parties have a legal obligation to complete the transaction. The completion date is generally agreed at this point and a legal obligation is placed on the purchaser to buy and the vendor to sell.

## COMPLETION

This is where the purchase is concluded. The agreed purchase price is paid in full by the buyer's solicitor and received by the seller's solicitor. It is possible for completion to take place simultaneously with the exchange of contracts but is usually set for a week or two later. The seller must vacate the property on the agreed completion date and the property keys are released to the buyer.

**We have done our best to explain everything as clearly as possible. However, if you have any questions regarding the concept and would like more detail on anything, it would be great to hear from you. Just contact a member of the Auction Team via telephone or email, we are here to provide sensible guidance and honest advice.**

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