

# Keeping Tender Simple

## A buyers guide

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Buying or selling by tender is when prospective buyers prepare and submit confidential written offers for a property to the agent for the seller's consideration. There is no reserve price (the lowest price the seller is willing to accept) but there may be a price guide. Buyers can offer less than this.

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### **If you wish to submit a tender**

Ask the agent for a copy of the tender documents. Read them carefully, including conditions or amended clauses. You will be asked to fill in a sale and purchase agreement and submit it before the close of the tender. We recommend your lawyer to check it before you sign. It's a legally binding contract and you cannot simply change your mind after it has been signed. There will be a time and date deadline for tenders to be submitted.

### **Buying prior to tender**

If you are interested in a property that is being marketed through the tender process you may wish to check whether the vendor is prepared to accept offers prior to the tender date. We strongly recommend you do thorough research on the property (specifically steps 1-5 as outlined in the following **'before tender day checklist'** overleaf) before submitting your offer. Should you then decide to make an offer, remember that all offers must be made on approved documentation which your salesperson will advise you on.

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| Before tender day | <ol style="list-style-type: none"><li>1 <b>Inspect the property.</b> You can inspect the property as many times as you like prior to the tender. You may wish to engage an independent specialist, builder or plumber to advise you on the condition or structural aspects of the property.</li><li>2 <b>Market Research.</b> Ensure you understand the market and have a feel for what similar properties are selling for. Hannam &amp; Co Realty can provide you with prices of similar property sales in the area. Alternatively you can arrange for an independent assessment from a registered valuer as a guide.</li><li>3 <b>Finance.</b> You may make your offer conditional upon bank finance. We recommend you consult with your broker or bank first to check your eligibility.</li><li>4 <b>Tender Documentation.</b> Prior to the tender familiarise yourself with the conditions of sale - such as the settlement and possession date, chattels, deposit and any special conditions. This documentation will be made available for your inspection.</li><li>5 <b>Legal Advice.</b> We encourage you to seek legal advice and have your Solicitor check the tender documentation and title of the property before signing any offers.</li></ol> |
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| The sale and purchase agreement will include                                     | <ul style="list-style-type: none"><li>• Your offer - the purchase price your are presenting.</li><li>• A deposit of 10% is payable upon acceptance of your Tender (by electronic transfer).</li><li>• Settlement dates.</li><li>• Any conditions you are attaching to the offer.</li></ul>   |
| Marketing materials must make it clear if the property can be sold before tender | Prospective buyers can register interest with the salesperson and ask to be informed if someone else makes an offer before the tender date. They then have the option of making an offer too.  |
| Following the tender deadline  | All tenders are confidential and placed in a sealed envelope in the tender box, by email to one of the directors or your sales person until the due date. Then your offer will be placed in a sealed envelope in the tender box until the tender date. We then provide all tenders to the seller who can weigh up offers and conditions and decide which, if any, they want to accept. The seller can reject all offers. |
| Once a tender is accepted  | The buyer is now in a contract with the seller and can work through any conditions towards settlement.   |
| If a tender is rejected  | <p>The prospective buyer (the tenderer) is under no legal obligation and free to pursue other purchase options.</p> <p>Then seller can seek, through the agent, to negotiate with any unsuccessful tenderer with the aim of reaching agreement on a sale/purchase. It is up to the tenderer if they wish to do this.</p>   |