



A Brief Guide to Tenders

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What is a Tender?

A real estate tender is a method of buying a property through the process of private and confidential offers made in accordance with a defined process by a set time on a set date in accordance with a defined process.

Understanding the tender process

Offers need to be submitted in writing on the standard Tender Document and deposited at the specified closing location by the tender deadline. Tenders are held secure (i.e. remain sealed) until the deadline.

All tenders are opened at the same time in the presence of a Crow Realty representative or Solicitor or Auctioneer.

Although vendors generally reserve the right to negotiate with any Tenderer in the majority of cases a decision is made on the Tender day. If your Tender is accepted you are legally bound by the terms and conditions of the Tender Document.

Types of offers

There are two types of offers that can be made.

- **Unconditional** - a straightforward offer to purchase according to the terms set out in the Tender Documents
- **Conditional** - an offer to purchase that has conditions attached, for example, arranging finance, being satisfied with a building report you need to arrange or on the sale of your own property.

Note: Vendors tend to consider Unconditional Tenders more favourable than Conditional Tenders and may choose to accept a Tender with a lower price and no conditions over one with a higher price and conditions

Making an offer

All offers need to be made in **writing** on the standard Tender Document and preferably submitted in a sealed envelope. These documents comply with New Zealand Real Estate contract law.

You can make your Tender conditional on specified conditions such as finance but generally it will be looked on more favourably if it is unconditional, as there will probably be competing tenders. You must be able to pay a deposit immediately, often you will be required to include this with your tender.

When purchasing by tender you have one chance to present your best offer for the property to the vendor. Unconditional, cash tenders tend to be the most attractive offers to vendors however conditional tenders can also be submitted. Tenderers have been known to submit both condition and unconditional tenders.

How much to tender

You need to undertake your own research to determine the price you are prepared to tender. You can use a combination of your own instincts and market awareness to help you set your tender price.

Historical sales data for the area may be available from a salesperson to assist you. Additionally you can obtain information from other sources including from Quotable Value or even a registered valuer.

Note: The salesperson can not disclose the vendor's expectations to you.

Tips

- Tender documents are different from normal Sale and Purchase Agreements. You may wish to seek legal advice before submitting your Tender.
- If you are planning to make a conditional offer based on finance, or selling a home it is worth considering organising finance or bridging finance so you can make your tender unconditional. As detailed above this is likely to make your tender more attractive to the vendor.

Registering your interest

If you are interested in submitting a Tender for a property please register your interest formally with the salesperson so that the salesperson can advise you if there are any changes or provide any additional information that becomes available.

Buying before the tender date

Some tender documents include a term such as "if not sold prior". In these cases the vendor will entertain a traditional offer prior to the closing of tenders. In such circumstances you need to contact the salesperson if you wish to make an offer.

Before submitting a tender you need to:

- Have read and understood the Tender Documents (seek advice in relation to anything you don't understand);
- Insert any conditions or variations to the settlement date you wish into the Tender Document. The salesperson may be able to assist you with this or provide some of the standard clauses covering common situations. You may wish to seek assistance from your solicitor;

- Be able to pay 10% deposit (by personal or bank cheque) as soon as your tender is accepted;
- Understand that you are legally bound by your tender as soon as it is accepted.

What happens once an agreement has been made?

- Once an agreement is unconditional, neither the buyer or the seller can change their mind, and the buyer must pay the rest of the purchase price on the settlement day;
- Deposit payments are made by the buyer to the real estate agency, which is required by law to hold the money in an audited trust account, only releasing it when legally authorised;
- The balance of the purchase price is paid on settlement, this is usually the day you take possession of the property;
- Any conditions need to be satisfied by the due date and it is the buyers responsibility to satisfy those conditions.

Disclaimer:

1. *This document is intended to provide a brief overview of Sale by Tender and not to be the definitive guide in relation to this Method of Sale;*