



## [WELCOME TO YOUR ULTIMATE GUIDE TO BUYING A CAR ON AUCTION IN SOUTH AFRICA:](#)

This comprehensive guide is designed to demystify the auction process and help you make informed decisions when purchasing a vehicle. With this guide we aim to equip you with the knowledge needed to approach auctions with confidence and clarity. At Auction Finance, we are dedicated to supporting you every step of the way. Our expertise in auction financing ensures that you have the financial backing needed to secure the best deals on the market. We believe in making the auction process as smooth and transparent as possible, so you can focus on finding the perfect vehicle for your needs.

### [WHERE DO AUCTION VEHICLES COME FROM?](#)

#### **1.1 Bank Vehicles**

Repossessed cars from banks like ABSA, Standard Bank, MFC, WesBank, and IMAS Financial Services.

#### **1.2 Fleet Replacements by Companies**

Many vehicles at auctions come from companies replacing or downsizing their fleets. These vehicles are often well-maintained, with full-service histories and consistent mileage records, as they are crucial for business operations. These cars can be a good buy due to their typically honest mileage and upkeep.

#### **1.3 Government Departments**

Cars from municipalities, police, and other government departments are regularly auctioned off when they are replaced with new models. These vehicles usually have a full-service history. While they can be in good condition, it's important to do your homework before buying.

#### **1.4 Trade-Ins and Private Sellers**

Franchise dealerships often dispose of trade-ins that don't fit their specific brand or vehicle lineup, and these cars can end up at auctions. These vehicles can offer good value for buyers willing to do their homework. Additionally, more private sellers are exploring auctions to sell their cars.

## 1.5 Liquidations and Asset Forfeitures

Vehicles from liquidated businesses or state asset forfeitures are another source of stock at auctions. These cars come from companies that are closing or assets seized by the state, and they can be included in general vehicle auctions.

### AUCTION DEPOSITS & REGISTRATION DOCUMENTS:

To participate in an auction, you must pay a deposit, which demonstrates to the auctioneer that you are a serious bidder. This deposit will be applied towards your final invoice price if you win the bid. For example, if your invoice price is R120,000 and you've paid a R10,000 deposit, you would need to pay the remaining R110,000 to settle and collect the vehicle. Your deposit will be refunded if your bid is unsuccessful. Documentation required:

#### PARTNERSHIPS

- Partnership agreement.
- Partners' Green ID/Smart Card ID and proof of residence not older than 3 months.
- SARS Letter with VAT Number.
- Proof of the business address not older than 3 months.
- Business Letterhead/Affidavit authorizing a representative to bid on behalf of the business.
- Proxy's ID/Smart Card ID and Driver's License.
- Proxy's proof of residence not older than 3 months.
- Business Register Certificate (BRN Certificate).

#### CK, CC OR PTY

- Business registration documents.
- Green ID/Smart Card ID and proof of residence for each individual member of the business.
- Proxy's ID/Smart Card ID, Driver's License, and proof of address not older than 3 months.
- VAT Documents.
- Business Register Certificate (BRN Certificate).
- Business Letterhead/Affidavit authorizing individuals to bid on behalf of the business with details of their names and certified copies of their ID.
- Proof of the business address not older than 3 months.
- Proof of registration deposit.
- Cipro printout (if provided, not older than 1 year).
- Letter from the business authorized person confirming the names of those holding 25% voting rights at general meetings.
- FICA Documents of the entities/individuals above 25%.

#### PRIVATE INDIVIDUAL

- Green barcoded ID/Smart Card ID and Driver's License, or (Passport and Traffic Register License if you are not a South African Citizen).
- Proof of residence not older than 3 months (must be your physical address) such as: Utility bill or rental statement.
- Proof of deposit (EFT payments must reflect on the day of the auction).
- **Note:** PO Box or Private Bag numbers will not be accepted as proof of address.

#### SOLE PROPRIETOR

- ID book/ Smart ID Card
- Proof of address not older than 3 month
- Letter on business letterhead confirming the existence of the business as a sole proprietorship
- SARS letter with tax number

#### TRUST

- ID book/ Smart ID Card
- Authorization letter to buy on behalf of the Trust.
- Proof of address for the Trust not older than 3 months
- Trust Deed.
- Letter of authority issued by the Master of the High Court.
- Tax clearance certificate

## TYPES OF AUCTIONS:

When planning to bid at an auction, it's essential to understand the different auction formats:

- **Live Auctions:** Traditional in-person events where bidders gather at a specific location to bid on items.
- **Online Auctions:** Bidding takes place entirely online within a set time frame, allowing participants to place bids from anywhere.
- **Hybrid Auctions:** These start with online bidding and conclude with a live event, where the highest online bids become the opening bids for the live portion.
- **Simultaneous Live & Online Auctions:** Bidders can participate either in person or online in real-time.

## UNDERSTANDING RESERVE PRICES AND STC:

In auctions, the terms "Reserve Price" and "STC (Subject to Confirmation)" are crucial for bidders to understand.

**Reserve Price:** This is the minimum price that a seller is willing to accept for a vehicle or asset. While all auction items typically have a reserve, it's not always a fixed amount but rather a guideline.

**STC (Subject to Confirmation):** This term is used when a vehicle's sale is contingent on the seller's approval after the auction. This situation usually arises if the auctioneer cannot contact the seller during the auction or if the reserve price is not met. In such cases, the highest bid is submitted to the seller for consideration. The auctioneer will then inform the bidder whether their offer has been accepted or rejected.

**Key Takeaway:** The market ultimately determines the final selling price, regardless of the reserve. It's important to approach auctions with the understanding that while reserves and STC processes are in place, they do not guarantee a sale at a particular price. Auctions reflect market conditions, and the final bid is often the best indicator of an asset's current value.

## UNDERSTANDING THE TRUE COST OF BIDDING:

When participating in an auction, it's crucial to factor in additional costs beyond the bid price to avoid unexpected expenses. Here's a breakdown of key factors to consider:

1. **VAT Exclusion:** The bid price you place does not include VAT. This means the final amount you pay will be higher once VAT is added.
2. **Buyer's Commission:** Most auctioneers charge a buyer's commission, which is a percentage of the final bid price. This fee is typically advertised in advance, but it's important to confirm the exact percentage with the auctioneer.
3. **Documentation/Admin Fees:** Many auctioneers charge a documentation or administrative fee, which covers the costs of processing the sale and preparing necessary paperwork.
4. **Auction Terms and Conditions:** Always refer to the auctioneer's website for detailed terms and conditions. These will outline all associated costs and additional fees over and above your bid price. Such costs are usually listed in the auction catalogue and announced before the auction starts.
5. **Bidder's Guide:** Auction Finance can assist you by helping you work backward from your total budget to determine your maximum bid. This ensures that you account for all potential fees and avoid exceeding your budget.

**Advice:** Take a few minutes to carefully read the auctioneer's terms and conditions once you decide to bid. Familiarize yourself with their requirements and the deadlines for settling successful bids. Being well-informed will help you manage your budget effectively and ensure a smooth bidding experience.

#### [VIEWING OF VEHICLES AND DUE DILIGENCE:](#)

When buying a car at an auction, it's essential to conduct thorough due diligence since cars are sold "voetstoots" (as is) with no obligation for the auctioneer to repair or provide warranties. Here's how you can make sure you're making an informed bid:

1. **Take Advantage of Viewing Days:** Auctions often have specific viewing days before the event. Use this opportunity to inspect the vehicle in detail.
2. **Inspect Thoroughly:** Check both the interior and exterior of the car. Obtain the keys from the auction house to start the vehicle and perform a detailed visual inspection.
3. **Bring an Expert:** If you're not confident in your own assessment, consider bringing a mechanic or someone knowledgeable about cars to assist with the inspection.
4. **Examine Key Aspects:** Open the bonnet to inspect the engine compartment. Ensure that all lights, including the hooter, brake lights, and headlights, function correctly. Test features like electric windows, the radio, and the air conditioning.



5. **Review Auctioneer's Notes:** Some auctioneers provide details about the vehicle's condition based on their inspections. However, do not rely solely on these reports; conduct your own inspection.
6. **Check for Inspection Reports:** Some auctioneers offer Dekra inspection reports or information about service history and motor plan balances. Use this data to help assess the vehicle's condition.
7. **Verify Mileage and Service History:** Check if the vehicle's mileage seems accurate. Visit a dealership to verify service records and mileage.
8. **Examine Spare Items:** Check for spare keys and a spare tire, as these can be crucial in making your final valuation price as your bid.

Remember, you only have a limited time to view and assess the vehicle before bidding, so make sure you conduct a thorough examination to avoid any surprises. If you're new to auctions, attending a live auction can be helpful; after watching a few cars go under the hammer, you'll get a good sense of the process. Don't hesitate to talk to the staff—they're usually very helpful and willing to explain how everything works.

### [AUCTION FINANCE: YOUR ON-SITE & ONLINE FINANCING PARTNER](#)

Auction Finance is available on-site at the auction to assist with all your financing needs. Simply ask for them at the auction, and they will be ready to help you navigate the financial aspects of your purchase.

#### **Online Secure Pre-Approvals**

Auction Finance offers secure online pre-approvals to simplify your bidding process. By obtaining pre-approval, you can determine your financing options and budget before the auction begins. This pre-approval allows you to bid with confidence, knowing your financial backing is in place. The pre-approval is valid for 30 days and can be used at any of the auction houses listed at the end of this guide (Page 8 and 9).

#### **Your First-Time Guide to Car Finance: What You Need to Know**

If you're new to car finance, here's a brief guide to help you understand what's required and how to make the most of your car finance application.

#### **Who Can Apply for Car Finance?**

To qualify for car finance, you must meet the following criteria:

- **Age:** You must be 18 years or older.
- **Residency:** You must be a South African citizen or a permanent resident.
- **Employment:** You should be permanently employed with a stable salary.
- **Income:** You need to earn a minimum of R6,500 per month.
- **Credit History:** A good credit record is essential.
- **Affordability:** Your ability to repay the loan will be assessed based on your income and expenses.

### What Documents Do You Need?

Prepare the following documents for your car finance application:

- **Copy of your South African Identity Book/Identity Card.**
- **Valid South African Driver's License Card.**
- **Proof of income:** Past 3 months' payslips OR your latest payslip and the last 3 months' bank-stamped statements.
- **Proof of residential address** (not older than 3 months).

### Understanding Affordability

When applying for finance, the bank will assess your affordability by comparing your income to your expenses. Generally, banks suggest that no more than 25-30% of your annual income should go towards car payments. Consider additional expenses such as insurance, servicing, and fuel. For example, if you earn R10,000 per month, aim to spend between R2,500 and R3,000 on car payments.

### Tips for First-Time Finance Applicants

1. **Consider Your Insurance Options:** Insurance is compulsory when financing a car. Factor in the cost when calculating your budget.
2. **Save for a Deposit:** It's advised to put down a deposit. Typically for a used car, 10% is recommended. A deposit:
  - **Lowers Interest Costs:** Reduces the amount you need to borrow, thus paying less interest.
  - **Speeds Up Loan Approval:** Shows you're serious and reduces the lender's risk.
  - **Reduces Monthly Payments:** Lowers the total loan amount and monthly payments.

## COLLECTIONS & PAYMENTS:

When it comes to collecting and paying for your auction vehicle, there are a few important things to keep in mind:

- **Submit All Documents:** Ensure that all required documents are completed and submitted when collecting the vehicle.
- **Payment Clearance:** The vehicle can only be collected once your payment has cleared and reflected in the auctioneer's account. No cash payments are accepted—only proof of payment into their account or a release note through Auction Finance is valid.
- **Sold As-Is:** Vehicles are sold "as-is" with no obligation for repairs. Be aware that no cancellations are allowed, and failure to complete the purchase will result in the loss of your deposit.
- **No Finance Contingency:** Auctioneers do not sell vehicles subject to finance approval, so it's crucial to secure your pre-approval upfront.
- **Multiple Vehicle Purchases:** If you buy more than one vehicle, you must pay for all of them. There are no exceptions.
- **Client Responsibilities:** You are responsible for roadworthiness, licensing, and the change of ownership of the vehicle. The client has 21 days to register the vehicle in their name, while the auctioneer will handle the notification of the change of ownership.
- **Descriptions Are Guidelines:** The description, year, and mileage of the vehicle provided by the auctioneer are indications and should be used as guides only. It is your responsibility to verify the correct details. Due to how vehicles are received, the odometer reading cannot be guaranteed.
- **Retail Price and Documentation:** The retail price listed in the catalogue is not guaranteed. The engine number, chassis/VIN number, and registration number can be found on the license disc. If there's no license disc, you'll need to locate these details yourself.
- **Collection Requirements:** It's your responsibility to collect the vehicle. If you can't pick it up in person, check with the auctioneer for the required documentation for a third-party collection.
- **Risk and Insurance:** Once a vehicle is knocked down on you, it's legally your responsibility. Ensure you have appropriate insurance and effect payment and collection within the auctioneer's set time, typically within 48 hours of the auction.
- **Allow Time for Collection:** Be prepared for the collection process to take a couple of hours. If you're taking time off work, plan for the entire morning.

## REPUTABLE AUCTIONEERS & FINANCING OPTIONS

All listed auctioneers below are members of the South African Institute of Auctioneers (SAIA) and approved partners of Auction Finance. This ensures a trusted and professional auction environment. Auction Finance offers comprehensive finance solutions for vehicles, trucks, and other assets at all these Auctioneers. Additionally, personal loans are available for loose assets and non-runners. For more information, visit [www.auctionfinance.co.za](http://www.auctionfinance.co.za)

<b>BANK AUCTIONS</b>	<b>NOTES:</b>
ABSA BANK VEHICLE AUCTIONS	ABSA Auctions are currently conducted online. For specific event dates, refer to Park Village Auctions and Tirhani Auctioneers. (See Auction Partners)
MFC BANK VEHICLE AUCTIONS	Weekly auctions are held every Wednesday in Gauteng. For other regions, refer to Aucor, Michael James Organisation, and WH Auctions for monthly MFC auction updates. (See Auction Partners)
STANDARD BANK	For nationwide updates on Standard Bank auctions, refer to Aucor, Auction Operation, Motus Auto Auctions, WH Auctions, Crosstate Auctioneers, Liquidity Services SA, and Park Village Auctioneers. (See Auction Partners)
WESBANK	Weekly auctions held online at WesBank Midrand. For auction updates in other regions, see Auction Operation, WH Auctions, Aucor, and Rose-Innes. (See Auction Partners) <a href="http://www.wesbank.co.za/auctions">www.wesbank.co.za/auctions</a>

<b>AUCTION PARTNERS:</b>	<b>WEBSITES:</b>
PARK VILLAGE AUCTIONS	<a href="http://www.parkvillageauctions.co.za">www.parkvillageauctions.co.za</a>
TIRHANI AUCTIONEERS	<a href="http://www.tirhani.co.za">www.tirhani.co.za</a>
AUCOR	<a href="http://www.aucor.com">www.aucor.com</a>
AUCTIONMAN	<a href="http://www.auctionman.co.za">www.auctionman.co.za</a>
AUCTION OPERATION	<a href="http://www.auctionoperation.co.za">www.auctionoperation.co.za</a>



CAHI	<a href="http://www.cahi.co.za">www.cahi.co.za</a>
CROSSTATE AUCTIONEERS	<a href="http://www.crosstate.co.za">www.crosstate.co.za</a>
DEVCO AUCTIONEERS	<a href="http://www.devcoauctioneers.co.za">www.devcoauctioneers.co.za</a>
DUNQUIP	<a href="http://www.dunquip.com">www.dunquip.com</a>
NUCO AUCTIONEERS	<a href="http://www.nucoauctioneers.com">www.nucoauctioneers.com</a>
ROSE-INNES AUCTIONEERS	<a href="http://www.roseinnesauctioneers.co.za">www.roseinnesauctioneers.co.za</a>
SA AUCTION GROUP	<a href="http://www.saauctiongroup.co.za">www.saauctiongroup.co.za</a>
VANS AUCTIONEERS	<a href="http://www.vansauctioneers.co.za">www.vansauctioneers.co.za</a>
WCT AUCTIONS	<a href="http://www.wctauctions.co.za">www.wctauctions.co.za</a>
WEBUYTRACTORS	<a href="http://www.webuytractors.shop/auctions">www.webuytractors.shop/auctions</a>
BROCOR AUCTIONEERS	<a href="http://www.brocor.co.za">www.brocor.co.za</a>
IAN WYLES AUCTIONEERS	<a href="http://www.ianwyles.co.za">www.ianwyles.co.za</a>
AUTOMART AUCTIONS	<a href="http://www.automart.co.za">www.automart.co.za</a>
LIQUIDITY SERVICES	<a href="http://www.liquidityservices.co.za">www.liquidityservices.co.za</a>
MICHAEL JAMES ORGANISATION	<a href="http://www.michaeljames.co.za">www.michaeljames.co.za</a>
MOTUS AUTO AUCTIONS	<a href="http://www.motusaa.co.za">www.motusaa.co.za</a>
WH AUCTIONEERS	<a href="http://www.whauctions.com">www.whauctions.com</a>

#### FINAL THOUGHTS:

Buying a car is a significant financial commitment. Being well-prepared and understanding your financial situation will help you make informed decisions. For more information or to start your financing application, visit the Auction Finance website or contact their representatives on-site. They are there to assist you and ensure a smooth auction experience. Visit [www.auctionfinance.co.za](http://www.auctionfinance.co.za) for more information.