

Frequently Asked Questions

Q. Why should I sell my property using the Auction Method?

A. To accelerate the sale of your property by generating additional consumer interest and activity. Advertising a property for auction creates a sense of urgency, bringing all interested parties together on one specified day.

An Auction provides multiple bidders competing to buy, bringing higher revenues than negotiating with a single buyer. Non-contingent contracts and 30-day settlements are required of the buyer of your property. This means a quick transaction for you.

Q. Can I attend an auction before agreeing to sell my home through the Auction Method?

A. Certainly. In fact, we encourage your attendance so you can experience a live example of the auction process firsthand. Check our Upcoming Auction schedule or give us a call.

Remember, each and every auction is different, so you cannot necessarily assume that your auction will be like any other auction you may have attended.

Q. I am not in financial trouble, and I am concerned about what people may think if I should auction my property. Can you give me any insight on this?

A. You are not alone in your concerns. Many people are afraid of the old, outdated perception of auctions that some people have. There are great differences in the marketing and the public image of a voluntary, 'by choice,' auction, such as ours, versus a distress auction. For example, some owners may offer financing on certain auction properties. Our auctions are positive, enthusiastic events designed to generate competitive bidding to secure the highest possible market price for your property.

Q. I am concerned about the net amount I will realize from the auction, and my ability to cover my existing mortgage. What advice do you have to offer on this?

A. We understand your concerns and your need to cover an existing mortgage on your property. Auctions are designed to accelerate the sale of property by determining what the market is willing to bear. On auction day, the market will determine what valuation is acceptable for your property.

The fact that you are selling at auction does not change the market value of your property. In short, if the market value is at a level below your existing mortgage, then that is the price that you have to work with regardless of whether you use the traditional method or the auction method to sell your property.

Q. Will we still have to consider contingent contracts?

A. Everything that we sell at auction is sold "as is" and "non-contingent," with a 30-day projected settlement date and the buyer paying all allowable closing costs associated with the sale.

Q. Where will the auction of my home be held?

A. We hold most auctions on-site. By being on-site, bidders are constantly reminded of the positives associated with that particular property, which, in turn, can encourage a higher bid.

Q. Who pays the auctioneer fee?

A. The auctioneer is paid via the buyer's premium which is added to the buyer's final bid. There is no commission charged to the seller. The seller is only required to invest in the advertising and expenses of their auction event. This way you can be sure you receive the maximum advertising exposure possible for your property. If all the advertising investment is not fully used, whatever is remaining will be refunded back to you at closing.

Q. Does "as is" mean that I do not need to disclose any known defects?

A. Though we are selling "as is," we must abide by applicable state and federal laws. The Broker-Auctioneer will offer full disclosure to all interested parties in accordance with the law.

Q. How do I sign up for auction?

A. Call us today to set up an appointment to view your property and determine whether it is appropriate for the Auction Method of sale. If your property is listed with a Realtor®, ask them to refer your listing to Pacific Auction Exchange and the Realtor® will be compensated. After signing with us, expect a three to four week advertising campaign prior to your auction day. Then expect to close in 30 days or less with no contingencies.

Q. The property is priced below the market right now. What is this going to mean if I register it for auction?

A. We find that often price is not the issue in determining why a property has not sold. Many times the reason that a property has not sold is that there has not been adequate traffic to view the property, and therefore, not enough interest has been generated in order to sell the property. In other words, it has become "stale" on the market. The auction process is the best way to revive interest in the property and instill the excitement for it that will result in a positive sale.

Q. What types of property do you sell?

A. We auction all types of real estate, from condominiums, co-ops, townhouses, single-family dwellings, land, vacation properties, commercial and investment properties to

high-end premier properties and country estates. Auctions have been successful in all of these categories.

Glossary of Auction Terms

Absolute Auction: An auction where the property is sold to the highest qualified bidder with no limiting conditions, contingencies or amount.

"As Is": Selling the property without warranties as to the condition and/or the fitness of the property for a particular use. Buyers are solely responsible for examining and judging the property for their own protection. Otherwise known as "As Is, Where Is" and "In its Present Condition."

Auction: A method of selling real estate in a public forum through open and competitive bidding. Also referred to as: public auction, auction sale or sale.

Auction Listing Agreement: A contract executed by the auctioneer and the seller which authorizes the auctioneer to conduct the auction and sets out the terms of the agreement and the rights and responsibilities of each party. This is also known as the Listing Agreement.

Auction Marketing: The method of marketing real property utilizing the auction method of sale.

Auction Price: The price of a property obtained through the auction method of marketing.

Auction Value: The price which a particular property brings in open competitive bidding at public auction.

Auction With Reserve: An auction in which the seller or his agent reserves the right to accept or decline any and all bids. A minimum acceptable price may or may not be disclosed and the seller reserves the right to accept or decline any bid within a specified time.

Auctioneer: The person whom the seller engages to direct, conduct, or be responsible for a sale by auction. This person may or may not actually call the auction.

Bid: A prospective buyer's indication or offer of a price he or she will pay to purchase property at auction. Bids are usually in standardized increments established by the auctioneer.

Bid Caller: The person who actually "calls," "cries or "auctions" the property at an auction, recognizing bidders and acknowledging the highest bidder. Commonly known as the auctioneer.

Bidder Number: The number issued to each person who registers at an auction.

Bidder Package: The package of information and instructions pertaining to the property to be sold at an auction event obtained by prospective bidders at an auction. Sometimes called a bidder packet or due diligence package. The bidder package includes property disclosures plus the terms and conditions of the property sale.

Broker Participation: An arrangement for third-party real estate agents/brokers to register potential bidders for properties being sold at auction for a commission.

Buyer's Premium: An advertised percentage of the high bid or flat fee added to the high bid to determine the total contract price to be paid by the buyer.

Carrying Costs: The costs involved in holding a property i.e., insurance, taxes, maintenance, management.

Conditions of Sale: The legal terms that govern the conduct of an auction, including acceptable methods of payment, terms, buyer's premiums, possession, reserves and any other limiting factors of an auction. Usually included in published advertisements or announced by the auctioneer prior to the start of the auction.

Due Diligence: The process of gathering information about the condition and legal status of assets to be sold.

Hammer Price: Price established by the last bidder and acknowledged by the auctioneer before dropping the hammer or gavel.

Minimum Bid Auction: An auction in which the auctioneer will accept bids at or above a disclosed price. The minimum price is always stated in the brochure and advertisements and is announced at the auctions.

Opening Bid: The first bid offered by a bidder at an auction.

Preview: A specified date and time the property is available for prospective buyer viewing and audits. Also known as an Open House or Inspection.

Reserve: The minimum price that a seller is willing to accept for a property to be sold at auction. Also known as the reserve price.

Reserve Auction: An auction in which the seller reserves the right to establish a reserve price, to accept or decline any and all bids or to withdraw the property at any time prior to the announcement of the completion of the sale by the auctioneer. See also Auction With Reserve.

Terms and Conditions: The printed rules of the auction and certain aspects of the Purchase & Sale Agreement that are read and/or distributed to potential bidders prior to an auction sale.