

## Auction Terms You Need to Know

**Absolute-** As in Absolute Auction. This means that whatever is put up for sale will be sold to the highest bidder.

### Example:

Say an Airplane is put up for sale and the only bid is \$100 . That's what the airplane sells for.

**"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" .

**Bidder Number-** The number issued to each person to registered at an auction.

**Candle Auction Sale-**A candle sale is a type of auction that uses phone mail as the method of bidding. A minimum bid or asking price will be established for a property and prospective bidders will be required to place a deposit with the State in order to participate.

**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.

**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.

**Reserve-** This means that the item for sale has a set dollar amount it must be sold for. If no one bids that amount or more. The item will not be sold. It will be set aside by the auctioneer. Set aside items are usually brought up for bidding again at the end of the auction session.

**Minimum Bid-** This means there is a minimum dollar amount you must bid to buy this item. A minimum bid item typically indicates a reserve on these items.

**Opening Bid-** When an item is offered the Auctioneer will set a price.

### Example:

Who will give me 100,100,100,100. Asking for a bid of \$100 dollars. Just because an auctioneer is asking for an opening bid of a \$100 does not mean you have to bid a \$100 dollars. You can bid anything you like.

If you start the bidding at \$ 20 dollars . The final bid will be much less than it would be if you started at \$100 dollars.

Half- A bid that is half what the auctioneer is asking for.

Example:

During the bidding on an item the auctioneer will reach a point when he has a bid of say \$500. He will announce, got 500 who will give me 6 , several times and very fast. If you want to bid on the item but not \$600 . Pass your hand in front of your chest palm down . The auctioneer will give you the bid for \$550.

Upset- This applies to residential or commercial property that has been foreclosed on. The residential or commercial property can not be sold for less than the upset amount. Just like a reserve bid.

Knockdown or Hammer Price- The auctioneer will warn that he is going to knockdown on the last bid offered. Meaning he is going to sell the Item if no higher bids are offered. He will bring down his gavel and yell Sold to the bidder number that had the highest bid.

Lots- The auctioneer will tell you when he is selling items in lots. He might have 10 CD players in one lot. He will auction them all for one price. This is the best way to buy for resale . The price per unit is less than if each CD player were auctioned by it self.

Inspection- Specified date, time and place property is available for prospective buyer viewing and evaluation. Also known as a Preview.

Shills- A shill is a bidder at an auction like you with one exception. This person has no intention of buying anything. His sole purpose is to drive the bidding as high as he can without having the final bid.

Shills work for the auctioneers who receive a commission on the total dollar amount that is sold. Shills are illegal. If you see some one who bids a lot but never buys anything watch out he may be a shill. Stay away from this auction. To be fair to all the honest auctioneers It is very rare to find a situation like this.