

# Real Estate Questions/ Answers



Looking for information about real estate auctions?

**Q: What is a Real Estate Auction?** A: A real estate auction is an innovative and effective method of selling real estate. It is an intense, accelerated real estate marketing process that involves the public sale of any property -- most certainly including those that are non distressed -- through open cry, competitive bidding.

**Q: Real estate auctions are completely new to me. How do I learn more about the bidding process?** A: Our experience as professional auctioneers is that the major majority of auction participants have never previously attended an auction sale. Therefore, at the scheduled property inspections or open houses, representatives of the auction company are available to explain the auction process in detail. It is the responsibility of the representatives to ensure that all auction participants fully understand the auction process by the time of the auction.

**Q: What steps should I take to better prepare myself for an auction?** A: Obtain an auction brochure containing property information, scheduled on-site inspection (open house) dates and terms of sale by calling or emailing the Auctioneer. Attend a scheduled open house/on-site inspection to view the property and to receive a complete Bidder's Package, containing detailed information on the property and the auction process. Receive a complete auction orientation from an auction company representative. After you have had the opportunity to peruse the materials, feel free to contact the auctioneer with any questions you may have regarding the property or the auction process. Have your attorney review the real estate contract, available as part of the Bidder's Package, prior to the auction.

Be sure there are no liens or back taxes on the property being auctioned. Clear and marketable title should be guaranteed in the real estate contract. If desired, determine the value of the property by enlisting the services of an expert, such as an appraiser, property inspector or real estate broker. These experts should be allowed access to a property during any scheduled open house/on-site inspection, or by appointment. If desiring to finance a purchase, get pre-approved for a loan by a bank or mortgage broker prior to the auction. Be sure you have enough funds on hand for the earnest money down payment, which can typically range from 5% to 10% of the property's total purchase price. Feel free to return to any additional property inspections with your friends or experts.

**Q: How are "open outcry" auctions conducted?** A: Typically, open outcry auctions take place at a local hotel in a ballroom or meeting room. Seats are set up theatre-style with a podium placed at the front of the room where the auctioneer stands. The auction process is simple. Bidders may choose to place their bids either directly to the Auctioneer or through a Bidder's Assistant. The only thing a bidder needs to bring to the auction to purchase a property is a certified or cashier's check (refer to the auction brochure for specific amounts) as the initial earnest money down payment, as well as some form of photo identification. The certified or cashier's checks remain in each bidder's possession until the high bidder is determined.

**Q: What happens after the high bidder is determined?** A: The high bidder is escorted up to the front of the auction room, at which time the cashier's check is deposit with the Auctioneer, and with the assistance of an auction company staff member, the real estate contract for the sale of the property is executed.

**Q: How are "sealed bid" auctions conducted?** A: With sealed bid auctions, there is no live auction event. Instead, bidders are required to submit a written bid along with a certified or cashier's check, as an initial earnest money down payment, by a specified deadline. The highest or best offer, as determined by the seller, is typically accepted within 48 to 72 hours after the deadline. After the bid deadline, sometimes the seller invites the top several bidders to submit a Best and Final Offer ("BAFO").

**Q: What will happen to my certified or cashier's check if I am a winning bidder?** A: If you are a winning bidder, your earnest money funds will be placed into an escrow account provided by Westar Properties until closing.

**Q: What will happen to my certified or cashier's check if I am not a winning bidder?** A: We only take your check if you are a winning bidder. Therefore, if you are not a winning bidder, you will leave the auction room with your check in hand.

**Q: When are the property closings generally scheduled for?** A: Closings typically occur 30 to 45 days after the auction event or sealed bid deadline. Please see the property's Real Estate Contract for the specific closing date.

**Q: Will I receive clear title at closing? Do the properties come with any warranties?** A: Auction purchasers are guaranteed clear and marketable title on their real estate purchase on all properties sold at our auctions. In addition, for residential properties being offered, each property typically comes with a builder's warranty or a limited home buyers service agreement. Bidders should refer to each property's Bidder's Package and/or Real Estate Contract for specific details.

**Q: How much are the closing costs?** A: The closing costs are commensurate with those of a conventional real estate transaction. Please speak with your attorney for specific details.

**Q: Will I be able to understand the Auctioneer?** A: Yes. We understand the majority of people who participate in real estate auctions have never previously done so. The Auctioneer will speak loudly and clearly to enable bidders to know at all times what the bid amount is, and who the bidders are. In addition, Bidder's Assistants will be located in the auction room to assist bidders with placing their bids, or to answer any questions that bidders may have during the course of the auction.

**Q: How much will the property sell for?** A: That is a very popular question. The answer is determined by you and the other bidders at the auction. There are certainly some outstanding real estate deals made by astute bidders at our auctions.