

Auction Terminology

Absentee Bid - A procedure which allows a bidder to participate in the bidding process without being physically present. A bidder submits an offer prior to the auction.

Absolute Auction - The property sells to the highest bidder regardless of price. This typically generates a much greater interest among potential buyers resulting in greater attendance at the auction. Often a higher final sale price is realized when the auction is "Absolute".

Appraisal - The process of estimating value.

AS-IS - Selling property without warranty 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 an item in a public forum through open and competitive bidding.

Auctioneer - The person whom the seller engages to direct and conduct a sale by auction.

Bank Letter of Credit/Guarantee - A letter from a bank certifying that a named person is worthy of a given level of credit. Most often this is required when paying with non certified funds.

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

Bid Assistant/Ring

Person - A person who assists the bidder and the auctioneer. Calls out bidders' bids, answers questions, and makes the bidder's comfortable with the auction process

Bidder Number - An individually numbered card with a unique bidder number. This will identify the successful bidder to the auctioneer.

Bidder Registration - The process of registering the identity of each bidder and verifying their ability to pay for successful bids.

Broker Participation - An arrangement for third-party brokers to register potential bidders for properties being sold at auction for a commission that is paid by the owner of the property or the auction firm.

Buyer's Premium - An amount (usually a percentage) that is added to the winning bid (hammer price) to determine the contract selling price and is paid for by the buyer.

Choice - When the auctioneer is offering more than one item up for auction at a time. The winning bidder then has the choice to take one item or multiple items. If the bidder wishes to take more than one item, the bid price will be multiplied by the number of items the bidder chooses.

Clerk - The person employed by the principal auctioneer or auction firm to record the items as they are sold, to whom and for what price.

Conditions of Sale - The legal terms that govern the conduct of an auction, including methods of payment, terms, buyers premiums, possession, reserves and any other rules announced by the auctioneer prior to the start of the auction.

Consignor - The person or authorized agent or entity that consigns goods to be sold to an auctioneer.

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

Hammer Price - The highest bid accepted by the auctioneer

On-Site Auction - An auction conducted on the premises of the property being sold.

Personal Property - All goods and interests other than real property including chattels and commodities. Ownership of personal property sold at auction passes to the buyer when the auctioneer accepts the final bid and announces the item sold (at the fall of the hammer).

Preview - Specified date and time items or real estate are available for prospective buyer viewing.

Real Property/Real Estate - Land and all interests therein, including all improvements to the land, such as buildings, fences, and fixtures. Title for real estate sold at auction passes at closing with delivery of the deed.

Reserve Auction - The seller establishes a confidential reserve price and has the right to accept or decline the highest bid if it falls below the established reserve.

Sealed Bid Auctions - Each bidder submits a single, irrevocable bid without knowledge of the amount of other bids. When the bidding period is closed, the bids are opened simultaneously, and the winner is the highest bidder.

