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FREE Report: Auction Sale Facts and Figures

Selling your home through an auction is a growing trend. This selling technique has quadrupled in volume since 1980 (although overall it is still less than 2% of total residential market). Sales for 1998 totalled 49 billion dollars, up nearly 20% from 1996-97. (source: Gwent Group)

There are 3 kinds of auctions:

1. Absolute auction: there is no minimum bid- it WILL sell, at some price. Usually, this type results in the highest selling price... people come looking for a bargain, and then bid against each other, raising the price.

2. Disclosed minimum bid: The seller tells buyers the minimum bid to be accepted- this price is advertised ahead of time.... often, fewer bidders come.

3. Confirmation reserve bid: there is a minimum bid to be accepted, but buyers are not aware what that price is- the seller has the right to accept or refuse the highest bid.

Auction advantages for the seller:

- they know the date when the property will sell
- buyer pays all closing and title costs
- no contingencies to deal with, such as loan approvals and buyer requests for repair
- you have multiple bidders competing at the same time
- your property can be in contract as soon as 35 days after you sign the paperwork.

Buyer responsibilities:

- to inspect the property before purchase and make sure it's what they want.
- get pre approved for financing- know your maximum price.
- know if the final bid is the actual purchase price, or if there is an additional buyer's premium to be added. (See special note below.)
- there is a considerable deposit taken upon acceptance that is non-refundable. If the buyer accepts the contact and the buyer does not close, the deposit goes to the seller.

What are the 'typical' Auction details?

The common auction cost is 8% of purchase price (paid by the seller), plus a promotion fee (usually around \$1800-2000). The promotion fee is paid at the time of signing the auction contract. This method of sale may have offsetting costs that actually result in a net savings to the seller compared to the traditional home sale.

How does the auction price compare to the traditional selling price?

Auction sale prices average 95% to 105% of the suggested Comparative Market Analysis price. Approximately 50% of auction sales actually go over the suggested Comparative Market Analysis price.

When should I consider an auction?

When timing and circumstances dictate that you need a quick sale. For specific consideration about an auction sale, contact Sondra.