

Glossary

The following are some basic terms you might want to know when you go to an auction. Don't worry though. There isn't a test or anything. Just ask if you have questions.

Absentee Bid

This is a way that you can bid even if you cannot attend the auction in person. Check with the auction of interest to see if this is available and how they make the bids for you. Many places allow written absentee bids, phone-in bids, and even online bidding. In written absentee bids, you tell them what items to bid on and how high you will go. In phone-in bidding, you are actually on the phone in person, but you have to let them know what you want to bid on. Online bidding utilizes a bidding platform which uses the Internet to transmit your bids. These practices vary from auction to auction so be sure to ask each auction company you deal with how they do it prior to bidding.

Appraisal

The act of or process of estimating value.

“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 Block

The podium or raised platform where the auctioneer stands while conducting the auction. "Placing (an item) on the auction block" means to sell something at 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.

Auction Without Reserve (Absolute Auction)

An auction where the property is sold to the highest qualified bidder with no limiting conditions or amount. The seller may not bid personally or through an agent. Also known as an auction without reserve.

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 or cry 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 Assistants

A form executed by the high bidder confirming and acknowledging the bidder's identity, the bid price and the description of the property. Also known as Memorandum.

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.

Bidder's Choice

A method of sale whereby the successful high bidder wins the right to choose a property or properties from a grouping of similar or like-kind properties. After the high bidder's selection, the property is deleted from the group, and the second round of bidding commences, with the high bidder in round two choosing a property, which is then deleted from the group and so on, until all properties are sold.

Bookkeeper or Clerk

The person who is responsible for the accounting and paperwork at an auction sale.

Buyer Premium

A percentage added on to your bid amount. Buyer premiums are used by many auction houses as a way of spreading the cost of the event with the people who benefit most from the opportunity to purchase; the buyer. It is an amount added to the high bid in addition to the high bid and payable by the buyer. This should be in the terms and advertising for the auction.

CAI

Certified Auctioneers Institute. The professional designation awarded to practicing

auctioneers who meet the experiential, educational and ethical standards set by the National Auctioneers Association Education Institute.

Catalogue

If an auction company makes a catalogue available to you, be sure to get one. It can help you to know the description of the items sold and also how it will be sold. There may be a quantity of the commodity in each lot being sold and they may be for all one bid or so much apiece. Auction staff will be happy to explain these differences to you and your catalogue will help you follow along. This way you won't miss an item that is important to you.

Commission

The fee charged to the seller by the auctioneer for providing services, usually a percentage of the gross selling price of the property established by contract (the listing agreement) prior to the auction.

Estate Sale

The sale of property left by a person at his or her death. An estate auction can involve the sale of personal and/or real property.

Hammer Price

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

National Auctioneers Association

An association of individual auctioneers united to promote the mutual interests of its members; formulate and maintain ethical standards for the auction profession; promote the enactment of just and reasonable laws, ordinances and regulations affecting auction selling; make the public more aware of the advantages of auction selling; and generally improve the business conditions affecting the auction profession.

No-Sale Fee

A charge paid by the owner of property offered at a reserve auction when the property does not sell.

On-site Auction

An auction conducted on the premises of the property being sold.

Opening Bid

The first bid offered by a bidder at an auction.

Payment Arrangements

Most auction companies ask that you pay when you are finished bidding. Some may ask for down payments when you register, as in auction of real estate. In many equipment auctions bid-assistants will ask for deposits as your purchases are increasing. It's good to ask about this prior to attending so you are prepared when you arrive. For absentee bidding you may need to give a credit card and expiration date for payment, if you are successful.

Preview

Be sure to take advantage of the preview times made available for you to look over the items being offered for sale. Many times, auction items are slightly used so you will want to know if there are any defects, such as loose or missing table legs, a vehicle that doesn't start, or glassware that has chips or cracks. While these may be acceptable to you, it may affect the amount you want to bid, so look before you bid. You will feel much more confident if you do this.

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.

Sales Tax Exemption

The need to provide a tax exemption certificate will vary from state to state in the U.S. If you are a dealer, call to ask what will be needed. If you have a dealer number for tax exemption purposes, carry it with you when you attend auctions.

Sealed Bid

A method of sale utilized where confidential bids are submitted to be opened at a predetermined place and time. Not a true auction in that it does not allow for reaction from the competitive market place.

Seller

Entity that has legal possession, (ownership) of any interests, benefits or rights inherent to the real or personal property.

Tax Sale

Public sale of property at auction by governmental authority, due to nonpayment of property taxes.

Terms and Conditions

"Terms and Conditions" are something you will likely see at every auction you attend. They will vary according to the type of commodity being sold and the auction company. What we are showing you here are some things that are typical and that you

should know. Please be sure to check the Web site or on-site glossary for each individual auction.

Types of Payments Accepted

This can range from cash only to cashier's checks or personal checks and credit/debit cards. Many times you will need a positive ID such as a driver's license or other government ID when you register for the first time.

Tie Bids

When two or more bidders bid exactly the same amount at the same time and must be resolved by the auctioneer.

Source: National Auctioneer's Association