

## Glossary of terms

**Absentee Bid** - A procedure which allows a bidder to participate in the bidding process without being physically present. Generally, a bidder submits an offer on an item prior to the auction. Absentee bids are usually handled under an established set of guidelines by the auctioneer or his representative. The particular rules and procedures of absentee bids are unique to each auction company.

**Absolute Auction** - An auction without reserve where the property absolutely sells to the high bidder regardless of price.

**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.

**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 Assistant** – Individuals who are positioned throughout the attendees at the auction to assist the auctioneer, spot bidders and assist prospective bidders with information to help them in their buying decision. Also known as ring men, bid consultants, bid spotters or grounds men.

**Bidder Number** – The number issued to each person who registers at an auction.

**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.

**Broker Participation** - When a buyer or seller is assisted and represented by a licensed real estate Agent or Broker, and that Agent /Broker has properly registered with our office, then that Agent/Broker is paid a designated commission share for participating in the auction process.

**“Buyer’s Premium”** - A fee that is charged to the buyer and is usually a percentage of the purchase price. Charging a “buyer’s premium” has become a common practice at many types of auctions. Retail sales tax charges at every store you shop are an example of a buyer’s premium.

**CAI** – Certified Auctioneers Institute. The professional designation awarded to practicing auctioneers who meet the experiential, educational and ethical standards set by the Auction Marketing Institute, Inc.

**Contingency** - When the seller agrees to take a chance on the buyer’s ability to obtain the financing or any other circumstance that the buyer may need, prior to completing the purchase of the seller’s property.

**Earnest Money** - The partial down payment that is credited against the purchase price at closing. This down payment is non-refundable so you must be certain that you have the funds available or you will be at risk of losing your earnest money deposit.

**Escrow** – A legal arrangement in which an asset (often money, but sometimes other property) is delivered to a third party (called an escrow agent) to be held in trust until the closing of the purchase transaction.

**High Bid** – Price established by the last bidder and acknowledged by the auctioneer before dropping the hammer or gavel.

**Listing Broker** – A real estate broker who has a listing on a property and cooperates with the auction company by allowing the auction agreement to supersede his/her listing agreement.

**Minimum Bid Auction** – An auction in which the auctioneer will accept bids at or above a disclosed price. The minimum price is always stated in the brochure and advertisements and is announced at the auctions.

**Opening Bid** – The first bid offered by a bidder at an auction.

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

**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.

**Reserve Auction** – An auction in which the seller reserves the right to establish a reserve price, to accept or decline any and all bids or to withdraw the property at any time prior to the announcement of the completion of the sale by the auctioneer. See also Auction With Reserve.

**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 marketplace.

**Subject to Prior Sale** - Much like the buy it now option you see on the online style auctions, the seller has chosen the option of being able to entertain offers prior to auction time, and if an offer is accepted the auction for this property will be cancelled.

**Terms 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.

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

**On Line Auction** – An auction in which participants bid for property on the Internet. The functionality of buying and selling in an auction format is made possible through auction software which regulates the various processes involved.