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10 MOST ASKED QUESTIONS ABOUT "THE AUCTION METHOD OF MARKETING"

1. Why auction real estate?
Because an auction is a sure, simple and quick way of selling property at a set time, at the highest price to which competing interest will be driven. It yields true present value and shuts out the costs and risks of a prolonged holding period.
2. Are all properties suitable for auction?
Most properties, but certainly not all, are saleable at auction. Each property should be looked at on its own merit.
3. Can I be sure of getting a fair price?
The only genuine measure of value of real estate is what someone else will pay for it. An appraisal is merely an informed opinion, a guess. It is not an offer to buy. The real measure of value of real estate, at any given time is what it will bring under competition from informed and motivated buyers.
4. How much does an auction cost?
Auctioneers, like real estate brokers, charge a commission as a percentage of sales price. This commission is negotiable case by case. In addition, the out of pocket expenses relating to marketing and promotion as well as the conduct to the auction are the seller's costs.
5. What will I have to do?
The real estate auctioneer offers comprehensive services. Once the seller contracts for a sale by auction, essentially every aspect of the transaction is handled by the auctioneer. The seller is simply obliged to warrant good title and the right to sell property and to disclose all information concerning the property in his possession.
6. Where does the auctioneer get bidders?
To make sure there is a critical mass of interested and capable bidders in attendance at the auction is the auctioneer's primary stock in trade. Promotional expertise, Effective advertising, business contacts, posting on websites, mailing lists, inspections and open house events all contribute to this all important goal.
7. How is the auction conducted?
Wherever practical, the auction is held on site. Auctions are either a.) Absolute, meaning the highest bid buys the property regardless of the price, b.) Reserve subject confirmation, meaning the seller reserves the option of rejecting all bids.
8. What if the sale does not close after auction?
A good faith deposit approximating 5-10% of the expected selling price in cash or equivalent is required of every bidder. This deposit is forfeited if the winning bidder fails to close the transaction. Provisions are generally made in the auction agreement as to the disposition of this sum as between seller and auctioneer, as their interest may appear.
9. What is a buyer's premium?
In some cases, the price payable by the buyer is the winning bid increased by the amount of a premium charged by the auctioneer and clearly stated in advance of the auction.
10. May Real Estate brokers bring their customers?
Real estate auctioneers generally consider the Real Estate brokerage community their natural ally in bringing potential buyers to the auction. There usually are generous provisions for compensating brokers who register and accompany successful buyers to the auction.

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