

## **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.

## **Absentee Bidder**

A person (or entity) who does not attend the sale but submits, in advance, a written or oral bid that is the top price he or she will pay for a given property.

## **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.

## **“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 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**

(See “Absolute Auction”)

## **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.

## **Bank Letter of Credit**

A letter from a bank certifying that a named person is worthy of a given level of credit. Often requested from prospective bidders or buyers who are not paying with currency at auctions.

## **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**

Individuals of a live auction team whose primary responsibility is to accurately interpret and effectively communicate buyer participation to their auctioneer. They should also be qualified to assist prospective bidders with the necessary information to make a better informed buying decision. Also known as ringmen, bid spotters or groundsmen.

### **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.

### **Bid Rigging**

The unlawful practice whereby two or more people agree not to bid against one another so as to deflate value.

### **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’s Premium**

An advertised percentage of the high bid or flat fee added to the high bid to determine the total contract price to be paid by the buyer.

### **Certified Auctioneers Institute (CAI)**

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

### **Catalog or Brochure**

A publication advertising and describing the property(ies) available for sale at public auction, often including photographs, property descriptions, and the terms and conditions of the sale.

## **Caveat Emptor**

A Latin term meaning “let the buyer beware.” A legal maxim stating that the buyer takes the risk regarding quality or condition of the property purchased, unless protected by warranty.

## **Clerk**

The person employed by the principal auctioneer or auction firm to record what is sold and to whom and for what price.

## **Collusion**

The unlawful practice whereby two or more people agree not to bid against one another so as to deflate value or when the auctioneer accepts a fictitious bid on behalf of the seller so as to manipulate or inflate the price of the property.

## **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.

## **Conditions 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.

## **Contract**

An agreement between two or more persons or entities which creates or modifies a legal relationship.

## **Groundsman**

(See “ Bid Assistants”)

## **Hammer Price**

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

## **Listing Agreement**

See Auction Listing Agreement.

## **Market Value**

The highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

## **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.

## **Multi-Property Auction**

A group of properties offered through a common promotional campaign. The properties to be auctioned may be owned by one seller or multiple sellers.

## **Multi-Seller Auction**

Properties owned by many sellers, offered through a common promotional campaign are auctioned in a single event.

## **National Auctioneers Association (NAA)**

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.

## **Opening Bid**

The first bid offered by a bidder at an auction or The lowest acceptable amount at which the bidding must commence..

## **On-site Auction**

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

## **Preview**

Specified date and time property is available for prospective buyer viewing and audits. Also known as Open House or Inspection.

## **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 market place.

### **Seller**

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

### **Subject to Confirmation**

(See "Reserve Auction")

### **Terms**

The period of time that an agreement is in effect.

### **Terms and Conditions**

The printed rules of the auction and certain aspects of the Purchase & Sale Agreement that are read and/or distributed to potential bidders prior to an auction sale.

### **Tie Bids**

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

### **Two Times the Money or Two Times the Bid**

Two like items are offered for bid. The bid is for each item individually and the final price is doubled. For example: Two matching chairs are offered. The bid is \$25.00. The final price for both chairs is \$50.00.

### **Withdrawal**

Failure to reach the reserve price or insufficient bidding.