



Presented by Ron Taylor and Sons,
Auctioneers and Real Estate
POB 1083, Louisburg, NC 27549
252-257-4822 or toll free 1-888-940-0642



The Auctioneer/Realtor Team

Combining Forces for Success



Selling Real Estate By the Auction Method of Marketing



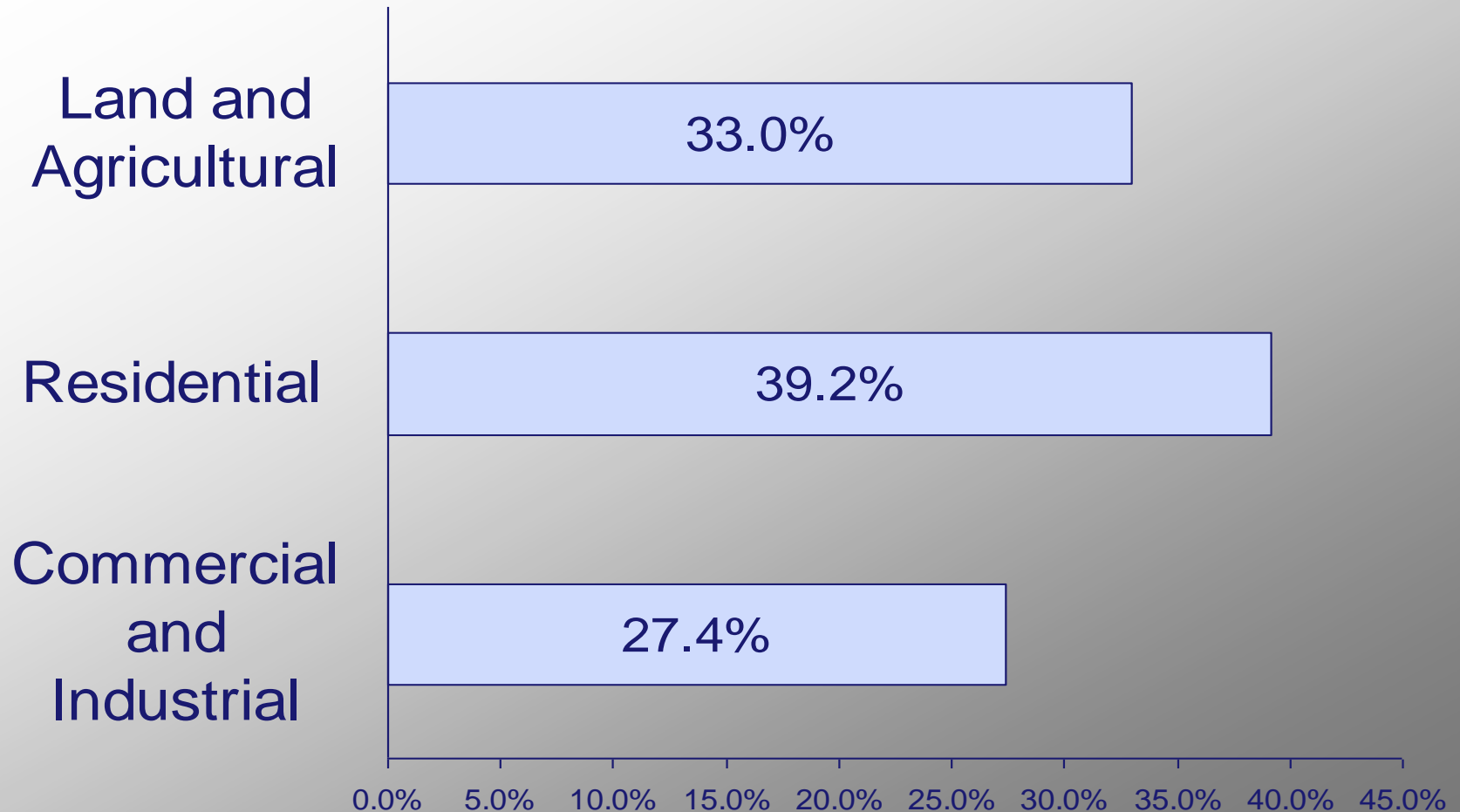
2006 Real Estate Auction Statistics

Revenue in Billions



Growth of Real Estate Auctions

(since 2003)



Time is On Our Side





Time is Money

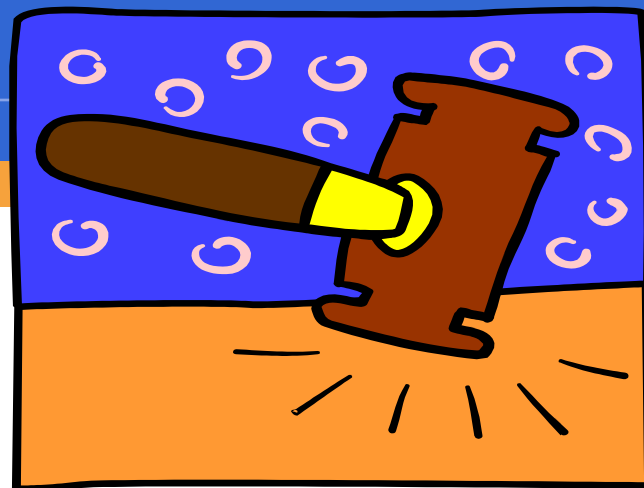
- ❖ Listing Time is Minimal
- ❖ Sale Can Be Complete Within 30 to 45 Days
- ❖ Auction Lasts Only a Few Minutes.

No Contingencies or Negotiations



- ❖ Not Contingent Upon Loan Approval
- ❖ Property is Sold “As Is.”
- ❖ Not Contingent Upon Selling Current Property
- ❖ No Price Negotiations
 - Final price is the final price. The property is sold to the highest bidder, period- no ifs, ands, or buts.

Auctions Force Buyers to Make Decisions



Opportunity for More Revenue

- ◆ Minimum Price is Established and Bids Go Up
- ◆ No Risk of Over pricing or Under pricing...the market determines the value.
- ◆ Competitive Nature of Bidders Can Increase Final Sale Price



Is Too Much Money a Problem?



High Bidders Are Good News

- ❖ Bids are Binding Contracts
- ❖ A Larger Deposit Will Lower the Financing





Bidding is Not Restricted to the Auction

Absentee Bids

- ❖ Made Before the Auction Takes Place
- ❖ Allow People to Bid When They Can't Attend the Auction

Online Bidding

- ❖ Creates a Larger Audience
- ❖ Properties Can Be Marketed Internationally

Marketing Campaigns Are Tailored to the Property



The Auction Advantage:

An Enhanced Customer Base



Auctioneers Are Highly Respected Among Consumers

- ❖ Professional
- ❖ Knowledgeable
- ❖ Friendly
- ❖ Respectful
- ❖ Trustworthy
- ❖ Refined





Types of Real Estate Auctions

Absolute: Property is sold to the highest bidder, regardless of price.

Minimum Bid Auction: Bids are accepted only at or above an advertised minimum price.

Reserve: Seller has the right to accept or reject any offer that falls below a confidential reserve price.

Team Up with an NAA Auctioneer



- ❖ Members are committed to excellence, fairness
- ❖ Abide by a Code of Ethics
- ❖ Have access to educational programs
- ❖ Many are real estate accredited



What properties do not qualify for an Auction?

- ❖ Properties with no equity or high LTV.
- ❖ Seller wants unreasonable sale price.
- ❖ Property does not have clear/clean title.
- ❖ Seller does not have money for marketing.



The Traditional Listing Method

o Traditional Method

1. Agent signs a six months listing agreement.
2. Commission rate of 5-7%
3. Can not tell the client how long before the house sells.
4. Clients continues to make mortgage, utilities and maintenance payments during listing agreement.
5. Client must keep house in order and clean for showings.
6. If house doesn't sell in two months, the price is usually reduced. (Why?)
7. When the agent gets a contract, it is usually below the listing price, full of contingencies, repairs needed, seller to pay certain costs.
8. Continuous negotiations.
9. Agent and BIC go to church and pray that the deal closes. 😊



Which results are you looking for?

❖ Traditional Method

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❖ Auction Method

1. The seller sets a sale date. 30-60 days
2. Competitive bidding brings a fair market price. (Excitement that only an auction brings.) Query: how is selling price determined?
3. Seller doesn't have to worry about a clean house. Usually two previews are set for prospective buyers to inspect.
4. Commissions are paid by the buyer via a "buyer's premium" or in some cases a combination of seller and buyer.
5. No contingencies, home is sold "As Is Where Is."
6. The down payment required in order to bid, eliminates time spent with unqualified buyers.
7. Must close in 30 days or less
8. Seller pays marketing fee.



How does the Realtor get paid?

The Realtor will receive up to 30 % of the net to the Auctioneer. Example: Homes sells for high bid of \$224,000 with a 10% buyer's premium equal to \$22,400 for a total contract price of \$246,400. The 10% goes to the Auctioneer. In this case the Auctioneer's commission is based on the buyer's premium and the Realtor would receive 30% of the buyer's premium. However, if the Auctioneer had expenses that netted him 7%, (perhaps he paid for part of the marketing expense, this is rare,) rather than basing the Realtor's compensation on the 10%, Realtor's 30% commission would be based upon the 7% net to the auctioneer.



The Auction Process

1. Auctioneer discusses advantage of auction with seller and seller's agent at seller's home or other location.
2. Auctioneer makes a proposal to seller outlining marketing costs.
3. If accepted Agent releases listing agreement with seller and a new listing agreement is signed with auctioneer/broker.
4. Auctioneer collects marketing fee from seller.
5. Broker participation agreement is signed by referral agent and auctioneer.
6. Seller signs auction agreement with The Restorer, Inc., D/B/A as Ron Taylor and Sons, Auctioneers and Real Estate, setting date of sale and inspections.
7. Property information is collected by auctioneer such as copy of deed, plat plan, tax card, mortgage, utility provider, name of closing attorney, copy of any road maintenance if applicable, etc.
8. Gets current title opinion.
9. Markets and advertises property.
10. Hold Auction
11. Go to closing.



Let the Seller do the Math!

Realtor

Likely sale price.....\$ _____

Seller's Realtor Commission..\$ _____

Buyer's Realtor Commission..\$ _____

Improvements Before Sale....\$ _____

Contingencies After Sale.....\$ _____

Holding Costs During Listing..\$ _____

Total in Sellers Pocket.....\$ _____

Auctioneer

Likely Sale Price.....\$ _____

Marketing Fee.....\$ _____

Holding Costs Before Sale..\$ _____

Total in Sellers Pocket.....\$ _____