

auction Handbook





What is an auction?

Auctions have existed for more than 2,000 years and continue to grow in popularity every year. An auction occurs when

consumers gather physically, or online, to buy an item by bidding against each other until the highest offered price is reached.

The History of Auctions

Records handed down from ancient Greeks document auctions occurring as far back as 500 B.C. At this time, women were auctioned off as wives. In Rome, around the time of Christ, auctions were popular for family estates and the selling of war plunder. One of the most significant historical auctions occurred in 193 A.D. when the entire Roman Empire was put on the auction block by the Praetorian Guard.

American auctions date back to the Pilgrims' arrival on America's eastern shores in the 1600s and continued in popularity during colonization with the sale of crops, imports, livestock, tools, slaves and entire farms. Colonels during the American Civil War were the only people allowed to auction war

plunder and today many auctioneers carry the title of "Colonel". Auction schools started in the early 1900s in the United States. The Great Depression created many opportunities for auctioneers as their services were needed to liquidate the assets of individuals and businesses hurt by the economy.

As time has gone by, auctions have become more and more popular as a means to sell goods and assets. Technology has changed the face of auctions from the days where auctioneers would stand before an audience and call an auction, to today's auctions where computers, cell phones, and fax machines are utilized daily.

the AUCTION option

Whether you're selling sentimental prized possessions or looking to buy one-of-a-kind treasures, an auction is just the place to make things happen.

Contrary to what some might view as complicated and time consuming, a fast-paced auction is one of the most efficient ways of converting your property or assets into immediate cash. With the combination of pre-sale marketing and the auctioneer's attention-getting chant, you could have enthusiastic, attentive buyers aggressively competing to purchase your property.

If you've never attended an auction, you're missing out on a great time! Auctions are exciting and most importantly, auctions are fun! Auctions exhilarate and captivate everyone, from the opening call of "Would you bid?" to the sound of the gavel slamming down and the ringing of "Sold!"

Everywhere you turn at an auction, there's a thrill in the air as potential buyers find something they want and set out to successfully bid against others who want the same thing. Auctions bring out the competitive nature in all of us!

Industry Overview

Today's auction industry is broad and diverse and ranges from art and antiques, to real estate and automobile auctions. Professional auctioneers sell on average a quarter-trillion dollars in goods and assets every year in the United States.

What types of auctions are there?

- Agricultural machinery & equipment
- Art, antiques & collectibles
- Automobiles
- Benefit
- Commercial and industrial machinery & equipment
- Commercial and industrial real estate
- Estates
- Intellectual property
- Land and agricultural real estate
- Livestock
- Personal property
- Residential real estate

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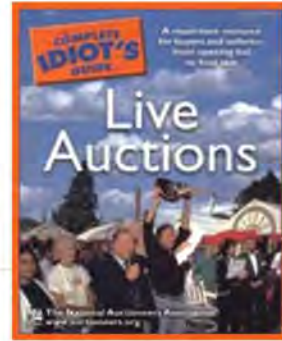
SOLD



Auction ANSWERS

The Complete Idiot's Guide to Live Auctions

Excerpts from *The Complete Idiot's Guide to Live Auctions*, a publication authored by the National Auctioneers Association.



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 their representative. The particular rules and procedures of absentee bids are unique to each auction company.

Absolute Auction (Auction Without Reserve)

An auction where the property is sold to the highest qualified bidder with no limiting conditions or amount.

“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”.

Auction Listing Agreement

A contract executed by the auctioneer and the seller which authorizes the auctioneer to conduct the auction and sets out the terms of the agreement and the rights and responsibilities of each party.

Auction With Reserve (Subject to Seller Confirmation)

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.

Ballroom Auction

An auction of one or more properties conducted in a meeting room facility.

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.





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.

Buyer's Premium

A percentage added on to the high bid. 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.

Caveat Emptor

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.

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 lowest acceptable amount at which the bidding must commence.

Terms and Conditions

"Terms and Conditions" are the printed rules and format of the auction. Terms and conditions outline the type of auction, the commission structure of auction, and any other pertinent information. The terms of each auction vary and differ between auction companies.

Ringman

The "ringman" is a member of the auction team who works with bidders throughout the auction. A "ringman" is generally recognized as the person in the crowd yelling and flashing hand signals to the auctioneer when a bid has been made. This individual works the auction "ring", hence the name "ringman".

Withdrawal

Failure to reach the reserve price or insufficient bidding.

There's even more curiosity among bidders when it comes to the prices obtained at auction. Auctions are a social event and while people attend to find great deals, many walk away making new friends.

EXCITEMENT

AUCTION TIPS

There's an excitement about a live auction that makes it a special event that draws people again and again. People attend out of curiosity about what unique or interesting items are for sale. There's even more curiosity among bidders when it comes to the prices obtained at auction. Auctions are a social event and while people attend to find great deals, many walk away making new friends. Auctions are also a great educational opportunity to learn about art, autos, furniture, and every type of property sold, by talking to other attendees, sellers and auctioneers. You learn about values, construction of items, collection practices and much more when you attend an auction.



before you bid...

- ◆ Understand the basic types of auctions: absolute, reserve, and subject to seller confirmation.
- ◆ Arrive early and register for the auction. Certain auctions (i.e. real estate) may require a cashier's check or other payment in advance of the auction to qualify you to bid in the auction.
- ◆ Always read the Terms and Conditions sheet handed to you at registration because you are bound by them if you bid. Also inspect items you are interested in buying because when you buy at auction you typically buy "as is" which means if you bid and win, you now own and cannot return the item.
- ◆ Bid in sync with the chant. You should be listening closely and following the increasing bids. Remember: Filler words in the chant are used to remind buyers of the last bid number and give buyers time to consider their next bid.



hiring an auctioneer...

If you are considering an auction for your personal or business assets, consider the following tips.

- ◆ Whether it be real estate, art, or automobiles, select an auctioneer with experience in your particular type of sale.
- ◆ Ask for references and attend one of their auctions and learn about auctions firsthand.
- ◆ Take an active role in the marketing and advertising of your assets.
- ◆ Always consider hiring an NAA auctioneer. NAA member auctioneers are at the top of their field in the auction business. Members are professionals well versed in the psychology of selling. Their education, experience and networking capabilities stimulate competition among bidders, securing you the highest price per sale.

the ART of auctioneering

Contrary to popular belief, the key to being a successful auctioneer is not the speed of their chant, but rather their ability to market and promote their auctions. Auctioneers are entrepreneurs who excel in marketing and advertising. The primary role of an auctioneer is to develop a marketing campaign to promote the sale of their client's assets and attract bidders to their auction. Many auctioneers are also appraisers and experts in their field of sales (i.e. art, antiques, etc.). As appraisers, auctioneers help their clients evaluate the value of their assets.

Auction School

Before becoming an auctioneer, you should consider attending auction school. There are auction schools and programs throughout the United States that provide students with the training and education needed to exceed in the auction profession. In addition to learning the art of bid calling, the auction school provides students with training on marketing their services and sales, as well as provide students with training on starting and operating an auction business.

Visit the National Auctioneers Association website at www.auctioneers.org to learn more about auction schools and the profession.

Professional Designations

Continuing education is important in any career, that is why the NAA offers a variety of educational programs and designations for professional auctioneers.



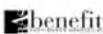
Certified Auctioneers Institute



Accredited Auctioneer Real Estate



Auction Technology Specialist



Benefit Auctioneer Specialist



Certified Estate Specialist



Graduate Personal Property Appraiser



Master Personal Property Appraiser

DESIGNATIONS



about the National Auctioneers Association

Headquartered in Overland Park, Kansas, the National Auctioneers Association (NAA) represents the interests of auctioneers in the United States, Canada and across the world. The NAA is the world's largest professional society of auction professionals. Members of the NAA abide by a strict Code of Ethics.

Founded in 1949, the mission of the NAA is to promote the auction method of marketing and enhancing the professionalism of its members through education and technology. The NAA represents a range of auction professionals servicing a variety of industries. The association provides its members with educational programs and resources to help them advance themselves as professional auctioneers.

To learn more about the NAA, or to find an auction or NAA auctioneer, visit www.auctioneers.org.



NAA Mission Statement

To promote the professionalism of Auctioneers and auctions through education and technology

NAA Vision

The National Auctioneers Association (NAA) will unify and lead the auction and competitive bidding industries so they will be increasingly utilized as the preferred method of sale for personal and real property in all segments of the economy.



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