

# Frequently Asked Questions

## **FAQ: The Real Estate Auction.**

### **1. How does Pamela Rose Auction Company, LLC conduct a real estate auction?**

We conduct live, open-outcry auctions on-site, just as you would experience at an art or antique auction. After opening announcements detailing the terms of the sale, the auctioneer will call for bids in incremental increases until the highest bid is finally achieved.

We also offer online auctions and (in certain circumstances) telephone bidding at our auctions. During the open-outcry auctions, bidders may place bids online through a live webcast that we provide through a third-party internet facilitator.

On certain assets, we offer online only bidding, where bidders compete in a timed online auction for the asset(s).

### **2. I may be interested in bidding on a property; however, I cannot attend the auction in person. How may I bid at the auction?**

We offer several alternatives to bidding in person. An absentee bidder may place bids by phone (in certain circumstances), through our online platform, or via a proxy who attends instead of you, if they have a power of attorney. You may participate from anywhere in the world once you provide the requisite paperwork and receive pre-approval for your situation.

### **3. I want my bid to be taken seriously. What do I need to do to qualify?**

Each auction is unique and qualifying differs from auction to auction. The seller's terms and conditions and the property type will determine what you need to provide to qualify. The deposit amount and entity payable are in the terms and conditions on the auction brochure. Occasionally, we only require that you agree in writing to the terms and conditions at registration. On assets where the seller requires a higher level of complications, you will be asked to submit an email for proof of funds and agree to terms of auction if you are the winning bidder. Instead, we may ask to speak to you to confirm the information you have provided.

Every auction has unique terms and conditions, so please carefully review them before you bid. You can contact the Auction Manager for more specific information.

### **4. I don't want to wait. Can I purchase the property prior to auction?**

Many times, yes. Most sellers we work with are willing to sell the property prior to auction. Their goal is to sell quickly to a qualified buyer. If you would like to make a pre-auction offer, understand that the seller is foregoing the opportunity to ensure competitive bidding, so be prepared to make a reasonable offer.

Other times, no. For example, in the case of sheriff auctions, pre-auction offers may not be accepted. Unless addressed in the filing, the trustee is often required by law and rules of procedure to continue with the auction to ensure competitive bidding.

### **5. What is buyer's premium?**

The buyer's premium is an additional percentage charge on the winning bid price that must be paid by the winning bidder to establish the final price. In real estate auctions, the buyer's premium is typically ten (10) percent; however, it may also be a fixed dollar amount. The buyer's premium is added to the high bid to calculate the total price. For example: If the winning bid is \$100,000, and the buyer's premium is 10 percent, then the total price will be \$110,000 (winning bid + 10 percent). Check the terms of the auction for the buyer's premium.

### **6. Can I finance the purchase?**

Yes but be advised that a financing contingency is not typical in a property offered at auction. This means that if you are the successful high bidder and then are unable to secure financing or close on time, you will risk forfeiting your deposit and be subject to any additional remedies outlined in the purchase agreement.

### **7. Can I have an inspector review the property before the auction?**

Usually, the properties up for auction are available to inspect and preview once you have registered for the auction. If you would like to facilitate an inspection of the property, please decide with the listed agent or project manager to coordinate times and to ensure access or check for scheduled open houses. Pamela Rose Auction Company, LLC disclaims any relationship with any person, inspector, or anyone else that visits the property and therefore any liability incurred by any person inspecting, previewing, or attending the sale. Please review the terms and conditions for the particular property you are interested in to determine how to proceed with inspection.

### **8. Who manages the title and when is it transferred?**

Before closing on any property, potential buyers may review the title, which is issued by a third-party title company. In certain states, the complete title binder is issued and accessible prior to the auction. In others, title is not ordered until the contract is fully executed by buyer and seller. At closing, the buyer shall receive insurable title clear of liens or encumbrances when the property is transferred by a deed prepared by Seller's attorney.

### **9. Who is responsible for closing costs?**

Closing costs and procedures vary from state to state, and from auction to auction, depending upon seller requirements. Potential buyers should review the terms and conditions governing each specific sale.

Usually, the seller pays for the third-party title examination fee and the title search fees. You should note who is required to pay the title insurance premium and closing agent fee. The seller is responsible for curing any title-related defects. Buyers typically pay the revenue stamps (documentary stamps) or other taxes customarily due upon filing of the deed. The current year's real estate taxes and other prorations such as association fees are usually pro-rated through the day of closing. Buyers may also have additional costs related to any loans secured to close the transaction and any inspections, appraisals or property surveys done prior to the auction. We take great care to make sure that all closing cost allocations are addressed in our auction terms and pre-auction announcements, but if you have any doubts, please ask before the auction.

**10. Once the auction is over, how soon until the closing date?**

Typically, the closing date is set to occur 30 days from the contract date. However, we have conducted auctions with a 15-day closing, and some sellers want a 45 day or 60-day closing. We will publish the required closing date in the terms and conditions in the auction brochure and in the auction announcement.

Usually, an auction closing can happen quickly because the Auction Purchase Agreement does not contain a financing contingency, and is technically an “AS-IS, WHERE-IS” contract. By submitting an offer on the property, every buyer is representing and warranting to Pamela Rose Auction Company, LLC and to the seller that he or she accepts the property in its current condition, including all fixtures, is accepting the title per the title insurance commitment, and is prepared to close with cash according to the closing instructions outlined in the contract.

**11. Since there is no financing contingency in the Auction Purchase Agreement, how can a buyer finance the property?**

If a potential buyer plans to seek financing to close, Pamela Rose Auction Company, LLC strongly suggests he or she secures the loan prior to bidding or is pre-approved. Auctions are almost never contingent on financing. The contract itself does not keep a buyer from financing the purchase of the property, however, the contract does not provide any protection should he or she enter in a contract and subsequently be unable to secure financing.

**12. How do I learn more about the property including actual lot dimensions, utilities, tax information, etc.?**

Typically, a great deal of detailed information is provided on the website at [www.pamelaroseauction.com](http://www.pamelaroseauction.com) under the specific property up for auction. This information is provided as courtesy and potential buyers are encouraged to perform their own due diligence.

**13. What about agency relationships?**

Pamela Rose Auction Company, LLC always acts as the seller’s agent, and as such, does not represent the buyer. We typically offer a broker co-op for agents representing buyers. In this case, the buyer’s broker would represent the buyer.

**14. Is Pamela Rose Auction Company, LLC an equal-opportunity auction company?**

Yes, Pamela Rose Auction Company, LLC is committed to providing our services to any person, regardless of race, color, religion, sex or sexual preference, handicap, national origin, ancestry, native origin, or military status. We shall never be a party to any agreement that discriminates against any person based on these or any other similar prejudices.

**15. Do you have any additional information about the property?**

Yes! All the information about the property being auctioned can be downloaded from our website at [www.pamelaroseauction.com](http://www.pamelaroseauction.com) under the specific property of interest. We strongly suggest potential buyers perform their own due diligence prior to placing a bid. All sales are “AS-IS, WHERE-IS.”

**16. Will I receive good and clear title to the property?**

In most of our auctions, we will convey by limited or general warranty deed, which means that

the buyer will receive insurable title to the property. In these cases, if title insurance cannot be obtained for the property, the buyer is under no obligation to close and will be refunded the earnest money deposit if seller cannot convey insurable title.

#### **17. Can I assign the contract?**

There should be assignment language in every contract, which addresses this. Usually, the contract may be assigned with the written consent of the seller. Many cash contracts are completely assignable. Sometimes, sellers have language in the contracts, which does not allow assignment. If you believe you may wish to assign the contract, it is strongly advised to address this well prior to the auction, if the contract language does not provide for this.

#### **18. Do I need a real estate agent?**

If you prefer to use a real estate agent to represent you, they must register per the Auction Broker Registration terms in advance of the auction. The auction process is a very simple, transparent way of transferring real property between two parties. Pamela Rose Auction Company, LLC is committed to the fair treatment of both parties to the transaction, whether an agent represents them. If you have a licensed real estate agent representing you, they will need to register you as their client a certain number of days in advance of the auction, as specified in the terms. They will need to accompany you to the auction, and if you are the winning bidder, they will need to sign the contract as your broker.

#### **19. I am an agent – can I earn a fee?**

Pamela Rose Auction Company, LLC will pay a broker commission (a percentage of the commission) to the properly licensed broker whose prospect purchases and closes on the real estate. To qualify for a commission, the broker must be licensed in the state where the property is being sold is located and register their clients no later than 48 hours prior to the event, per the terms and conditions outlined on the Realtor Registration Agreement. Pamela Rose Auction Company, LLC does not pay compensation to any principle purchasing for themselves in their own name.

#### **20. How do I register for an online auction?**

To register to bid, go to our website at [www.pamelaroseauction.com](http://www.pamelaroseauction.com) or download our App. Scroll down to the auction you wish to register for and click View Auction. Next click the Register to Bid button and follow the instructions. Please review the Terms and Conditions of the auction. Next, you'll receive an email on how to provide your proof of funds and once approved, you will receive a final email stating you've been approved to bid.

#### **21. How do I bid online?**

You can bid through our main website or download our App from the Apple App Store or the Google Play Store.

#### **22. What is an Absolute Auction?**

In an absolute auction, the property will sell regardless of price to the highest bidder. There is no minimum or reserve price.

## **Inspection of Properties**

It's highly recommended you view the properties in person. When you place a bid you're confirming that you've inspected the property or waived inspection and that you have read and agreed to the terms and conditions of the auction.

## **Property Disclosures**

Unless an exempt transaction the disclosure forms are posted with all online auctions and available onsite or by email request. Properties are sold "as is" and buyers are required to sign any required disclosure.

## **Possession on Properties**

Possession on properties is posted in the online posted contract or onsite stated from the podium. Any questions on possession should be directed to the auction manager.

## **Buyer's Premium**

Most auctions charge a buyer's premium which is stated in the auction terms and conditions. Buyer's premium is added to the last bid to establish final price.

## **Title Insurance**

Sellers will provide an insurable title. Check the purchase agreement for types of title depending on the State. Title insurance is at the buyer's expense unless stated otherwise in contract. Taxes are prorated to the date of closing.

## **Escrow Deposit**

Escrow Deposit: Each auction has a stated amount for deposit. Check the terms for the auction. Checks, cashier's checks, and cash are typically accepted. No credit cards are accepted for earnest money deposits. Online auctions may have a caveat for wiring the full deposit. Onsite auctions typically funds must be available at time of registration.

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## **ONLINE AUCTIONS:**

Only registered bidders can participate in our online auctions. To register for Real Estate, select Sign In and click on the "Don't Have An Account? Sign Up" link to create a new bidding account.

## **How Do Online Auctions Work?**

Online auctions work just like live auctions only the bidding is done from your computer. Simply register and place bids on assets you wish to purchase.

## **How Do I Bid?**

Select the auction you would like to view. When the bidding for the auction is open you will have the opportunity to enter Your Bid or your Maximum Bid for each asset.

## **What is a Maximum Bid?**

A Maximum Bid is the highest dollar amount you are willing to pay for an asset. Here is an example of using the Maximum Bid feature: If you enter a Maximum Bid the system will automatically bid on your behalf up to your Maximum Bid amount. For example, let's assume that the next bid requirement is a \$100.00, you enter a Maximum Bid of \$400. If no other bids are placed on that asset, you will be the winner at your \$100 bid. If another bidder places a bid of \$200 on the asset you will now be winning bidder at the \$200 plus 1 increment level (for example:  $\$200 + \$10 = \$210$ ).

## **May I raise my Maximum Bid?**

You can also raise your Maximum Bid WITHOUT having to raise your own bid! Our Maximum Bidding Tool will now allow you to raise your Maximum Bid. For example, you originally placed a Maximum Bid amount of \$50.00 and now you want to increase the maximum bid to \$100.00 – all you need to do is submit another bid for the \$100.00 bid in the “Maximum Bid” box. If your previous Maximum Bid was at least 1 increment higher than any other bidders' Maximum Bid, the current price on the asset will not change.

## **An example where the current price DOES NOT change when the maximum bid is raised...**

- Bidder 1 places an opening bid of \$10 and a maximum bid of \$50.
- Since there are no other bids, the current price will be \$10.
- Bidder 2 places a \$15 opening bid and a \$30 maximum bid.
- We calculate the current price by taking the second highest bid made by another bidder (\$30) and adding a single increment (\$5). The current price is now \$35
- Bidder 1 wants to raise their maximum bid to \$100. Since their previous maximum bid (\$50) is more than 1 increment greater than any other bidders' maximum bid (\$30) the current price stays at \$35.

### **An example where the current price DOES change when the maximum bid is raised...**

- Bidder 1 places an opening bid of \$10 and a maximum bid of \$50.
- Since there are no other bids, the current price will be \$10.
- Bidder 2 places a \$15 opening bid and a \$48 maximum bid.
- We calculate the current price by taking the second highest bid made by another bidder (\$48) and adding a single increment (\$5).
- Since that amount (\$53) is greater than the maximum bid placed by bidder 1, the current price is now the maximum bid (\$50).
- Bidder 1 wants to raise their maximum bid to \$100. Since their previous maximum bid (\$50) is less than 1 increment greater than any other bidders' maximum bid (\$48) the current price is now \$53.

### **What is a Bid Increment?**

The Bid Increment is the minimum dollar amount that the bid must be raised by. Bid Increments will typically be based on the last high bid amount. You can bid higher than the minimum bid, or you may enter a Maximum bid, but you may not bid in denominations less than the set Bid Increment.

### **What is Auto-extend time?**

The Auto-extend time feature will leave the bidding open for any asset that has received a bid within the last 5 minutes, even if the original ending time has been reached.

### **How does the auction end?**

**GROUPED EXTENSION:** This auction uses the grouped extension bidding feature. All lots in this auction have been placed in an extension group. Any bid within the last five minutes of bidding for an auction lot causes an automatic extension of bidding on that auction lot and on ALL auction lots in that group. When 5 minutes passes with no more bidding, then bidding on all assets in that group will close simultaneously, with high bidder on each asset being declared the winner.

### **How can I make sure I am seeing the most current bidding information on the screen?**

The page automatically refreshes, and you will see a countdown clock indicating the exact time left to bid.

**If I win, who, how, and when do I pay?**

If you are the winning bidder on an asset, you will be contacted by an agent from Pamela Rose Auction Co., LLC, who will give you complete details of your purchase. You will receive instructions for payment of the deposit, including wiring instructions the required funds into the escrow account. Signing of the contracts will also be arranged electronically or in person.

**How do I find out more about a posted asset?**

Each auction has a contact person listed. If you have any questions about an asset, please contact that person.

**What if I have additional questions about online bidding procedures?**

If you have questions about the assets, you are bidding on, contact the listed representative. If you have questions about the online bidding, contact [info@pamelaroseauction.com](mailto:info@pamelaroseauction.com).