



Sterling Strathe
Wisconsin Licensed Auctioneer
Wisconsin Licensed Real Estate Broker

Frequently Asked Questions--FAQs Buying Real Estate at Auction

Question: Are all auctions foreclosures?

Answer: Most auctions that our firm does are not foreclosures. The sellers are using the auction method to generate excitement and get their property sold now.

Question: May I have the property inspected?

Answer: Yes, please feel free to have the property inspected. Inspection, however, must take place before the auction. The house sells "as is", "how is", "where is", so if you feel something needs to be done to the house, bid accordingly.

Question: How do I know I am not paying too much for the property at the auction?

Answer: Do your homework ahead of the auction. Look at what other similar properties are costing. Know that you are buying the property at true market value—the amount someone is willing to give for a property on a given day. Know that if you buy the property, someone else thought it was worth that amount that bid against you.

Question: How does the auction itself work?

Answer: The auctioneer will start at a price and work down until he gets a bid. From there he will continue to take bids until they stop. At that point the auction will take a recess of 5-10 minutes for buyers to think, call others, etc. Someone new may decide to enter the auction at that time too. After the recess the auction continues until bidding again stops. An additional recess is usually taken to confer with the sellers to make sure they are comfortable with the price. The bidding then reconvenes one more time. At the end of the bidding the last offer is given to the sellers for confirmation. If they accept the offer, an offer to purchase is written and your deposit is put in a trust account toward your purchase price. If the house doesn't sell, or you aren't the high bidder, you get your deposit back immediately.

Question: What is the price I will pay at close for the house?

Answer: The real estate is being sold with a buyer's fee. The total cost of settling on the house at close is the sale price of the house plus the buyer's fee.

Question: When will I need to close on the property?

Answer: You must close within 30 days of the auction or you will lose your deposit.

Question: Are there any contingencies on the sale of the property?

Answer: No...The property sells without any contingencies including financing, sale of a home, or inspection.