HARRIS AUCTIONS · LICENSED IN 10 STATES

Auctions, explained.

A plain-English guide for property owners considering a sale on a date certain — what an auction actually is, how the two kinds differ, and why the seller pays no commission out of proceeds.

1 First, forget the courthouse steps

Almost everything people believe about real estate auctions comes from foreclosure television. A marketed auction is the opposite: an advertised 30-day campaign ending with qualified buyers competing openly on a day you chose in advance.

"Auctions are for distressed or foreclosed property"	Auction is a **method of sale, not a sign of trouble**. It is used for farms, estates, luxury homes and land precisely because it sets a deadline and creates competition. The most expensive art, cattle and land in the world all sell this way.
"It will sell for pennies on the dollar"	Price is set by the crowd, not by us. A well-marketed auction concentrates every interested buyer into **one room on one day**, competing against each other rather than negotiating against you one at a time.
"Only cash investors show up"	Financed buyers bid all the time — they simply arrange their financing **before** auction day rather than making your sale conditional on it afterwards.
"I lose control of my own property"	You set the terms before anything is advertised: the auction type, the closing date, what conveys, and — in a reserve auction — the **minimum you will accept**.

2 How a real estate auction actually runs

DAY 0	DAYS 1–30	AUCTION DAY	DAYS 31–60*
Terms are set	**The campaign**	**The sale**	**Closing**
You choose absolute or reserve, the auction date and the closing date, and we agree the marketing budget.	Full advertising, open inspections, and buyer registration. Every buyer receives the disclosures and contract in advance.	Registered bidders compete openly. The winner signs the contract immediately and pays a **10% non-refundable deposit that day**.	Closing happens on the date already set. No renegotiation, no repair requests, no financing fallout.

3 What a bidder gives up to bid

This is the part sellers underestimate. A conventional offer is a request to keep negotiating. An auction contract is unconditional the moment the gavel falls.

- ✕ **No financing contingency.** Funding is the buyer's problem, arranged before the sale.
- ✕ **No inspection contingency.** Inspections happen before bidding, not after signing.
- ✕ **No walking away cheaply.** The 10% deposit is non-refundable on auction day.
- ✕ **No appraisal contingency.** A low appraisal is not your problem to solve.
- ✕ **No repair negotiation.** The property sells strictly as-is, where-is.
- ✕ **No moving the date.** The closing date was published before they bid.

Why you pay no commission out of your proceeds

A **10% buyer's premium** is added to the winning bid and paid by the buyer at closing. That premium funds every commission in the transaction — ours, your agent's, and the buyer's agent's.

You keep **100% of the hammer price**. It is disclosed in every advertisement and announced from the block, because full disclosure is a licensing requirement, not a courtesy.

The marketing budget is separate, and it is the seller's. It is agreed in advance, spent entirely on advertising the property, and payable up front in a reserve auction. In an **absolute** auction we fund the campaign up front ourselves, because the sale is guaranteed.

4 The one decision that matters: absolute or reserve

Every other term follows from this choice. It is the difference between guaranteeing a sale and guaranteeing a price — you can have either, and the market rewards the first far more than most sellers expect.

OPTION A

Absolute Auction

The property sells to the highest bidder **regardless of price**. There is no minimum and no reserve. If the highest bid is one dollar, it sells for one dollar.

- **Sale is guaranteed.** The property is sold on auction day, full stop.
- **Draws the largest crowd** — typically several times the bidder registration of a reserve sale.
- Buyers know their time and inspection money is not being wasted, so they **spend it**.
- Competition, not the seller, sets the price — and competition is what pushes it up.
- Best where the seller must sell: estates, relocations, dissolutions, court-ordered sales.

The trade-off: you accept the market's verdict on the day. In exchange you get the deepest buyer pool available, which is precisely what protects the price.

OPTION B

Reserve Auction

You set a **confidential minimum** in advance. Bidding is competitive as normal, but if the high bid lands below your reserve you are under **no obligation to sell**.

- **Price is protected.** You cannot be forced to sell below your number.
- The reserve is never published — bidders know one exists, not what it is.
- You may accept a bid below reserve if you choose; the option is yours alone.
- **Smaller crowd.** Some buyers will not invest in inspections when the sale might not happen.
- Best where there is a mortgage payoff, a partnership floor, or a genuine walk-away number.

The trade-off: a reserve set too high reads as "not really for sale" and suppresses bidding. Set realistically, it is insurance. Set defensively, it is a ceiling.

5 Is an auction right for this property?

Auction is not the answer for every property. It is decisively the answer when time, certainty or condition matter more than squeezing the last percent out of a long marketing period.

- The property needs work and there is **no capital to fix it** before listing
- Multiple owners disagree and need a **neutral, transparent process**
- A **date certain** matters — a purchase, a move, a settlement, a deadline
- Carrying costs — taxes, insurance, upkeep — are **eroding the equity**
- It was **inherited**, and it is costing money every month it sits
- A listing has **expired or gone stale** and price cuts have stopped working
- It is **unusual enough** that no comparable sale truly prices it
- You want the price **set by competition** rather than by negotiation

6 Questions worth asking us

Any auctioneer worth hiring answers these without hesitating: what the marketing campaign consists of and who pays for it; how many registered bidders comparable campaigns produce; what happens if the reserve is not met; exactly what the buyer’s premium is and how it is disclosed; and what the seller pays at closing. Ask them of us — and of anyone else you speak with.

Find out what this property would net you.

We will run the numbers on your specific property — what you would keep staying on market against what you would keep at auction — and send it over. No obligation, no listing presentation.

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*** About the 60-day timeline.** Sixty days — a 30-day marketing campaign followed by a 30-day close — is the typical schedule, not a fixed term. Actual dates are agreed in writing before the campaign begins and depend on auctioneer and venue availability, the marketing a particular property warrants, title and closing requirements, lender or court timetables where they apply, and applicable state law. Some properties benefit from a longer campaign. Whatever the length, the date is set in advance and known to every bidder.