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Licensed brokers have the opportunity to earn commissions by representing buyers at auctions

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One thing is for sure: one of America's oldest professions (auctioneering) is here to stay. The auction industry continues to set records, from numbers of properties offered, to total sales volume. Licensed real estate brokers and salespeople should avail themselves of the opportunity to earn commissions by representing their buyers at auctions.

New England is experiencing record numbers of real estate auctions. A number of those auctions are offering a commission (broker's incentive) to licensed real estate professionals. Also known as broker participation, this is an arrangement for third party brokers to register potential bidders for properties being sold at auction, for a commission paid by the owner of the property or the auction firm.

Brokers should be watching auction advertisements and looking specifically for terms like "broker incentive", "brokers protected", "broker participation welcome". If you are a broker representing a buyer who may have an interest in an advertised property, then contact the auction company to find out more about the broker registration process. Typically, pre-registration is required and simply necessitates completing and signing a one page form.

Auctions that offer an incentive to brokers indicate the seriousness of the seller. It proves the seller understands the current market conditions and is prepared to be aggressive about making a sale. Additionally, you should look for auctions that are being conducted "absolute" (with no minimum bid). This type of auction provides the greatest opportunity because the property will be sold to a third party regardless of the high bid amount.

Auctioneers facilitate accelerated marketing campaigns to engage as many prospective bidders as possible. It is the intention of the auctioneer to create competition, maximize revenue and attain their client's goals. A broker incentive is one way to engage more prospects and welcome other real estate professionals to participate in the auction process.

Any type of auction can offer broker participation including: a foreclosure ordered by a lender who is intent on avoiding buying the property back, a private owner's auction with a motivated seller, or a sale ordered by an administrator or executor who recognizes that an auction will establish the true value of a property.

There are many recent examples and upcoming opportunities for licensed real estate professionals to profit from participating in auctions. They include a bank foreclosure auction of eight prime house lots located on an accepted public way with complete infrastructure in West Boylston, Mass. The bank decided to offer a broker's incentive in an effort to encourage more bidder participation. It worked. There was a mix of investors, builders and end users that attended the auction. Next week, there is an executor ordered auction of three residential and commercial properties in Medford and Lynn Mass. That auction offers a two percent commission to participating brokers. A private owner's

auction scheduled in May will offer two partially completed new construction homes and a twenty acre parcel of developable land in Central Massachusetts. This sale is especially attractive because the properties will be sold absolute.

As a broker representing a bidder at the auction, it is important for you to familiarize yourself with the terms and conditions of the sale. You should talk personally with the auctioneer, conduct due diligence and research the property to effectively advise your client. Remind your client that auctions are not typically subject to traditional contingencies and that properties are usually sold as is. Confirm that your client has financing in place and is prepared for a quick closing. Determine if the property is being sold free and clear of all encumbrances and request a copy of the memorandum of sale to review in advance of the auction. Access as much data as possible prior to the auction, attend the sale well informed and bid with confidence. There are great benefits to acquiring property at auction and excellent values to be had.

Join the auction action and work cooperatively with auctioneers. This can truly be a win-win situation. A piece of the pie is better than no pie at all. See you at the auction!

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