

APPENDIX: Auction tutorial.

To assist you in obtaining some of the techniques and skills of auction veterans, Bargain Network has prepared this educational section.

Chapter 1: Auction Basics

Let's start by answering the most frequently asked questions people ask about government and private sector auctions.

What is an Auction?

An auction is defined as a public sale of goods or property in which prospective purchasers bid until the highest price is reached.

Why are goods sold at an auction?

There are several possible reasons an auction is being held, such as bankruptcies, repossessions, liquidations, receiverships, surplus or low demand inventory, government confiscation or seizure, or inventory coming off lease.

Who can attend public auctions?

Virtually all government auctions - and most private sector auctions - are open to the public. There are many dealer auctions where only dealers can attend auctions to purchase cars at wholesale prices. Unfortunately, the public cannot attend such auctions. Fortunately, Bargain Network has located the best public auctions that are open to the public, and made them available to Bargain Network members.

Chapter 2: Attending Auctions

Do I need to register when I attend an auction?

Some auctions have basic registration requirements. Normally, you must be 18 years of age or older. And in some cases, there may be a small registration fee, often between \$1 and \$3. Other auctions don't require registration - or any fees - at all; you just show up and bid to your heart's content! At many vehicle auctions, a fully refundable deposit of \$200 or so is required to actually bid. This is for the protection of both the auction agency and the bidders, as it helps ensure that only serious bidders are participating, and that non-serious bidders will not falsely drive up the bidding.

How do I bid on an auction item?

When a lot you are interested in bidding on comes up for sale the auctioneer will announce the lot number (either found in the catalogue next to the item or placed on the item during the viewing period) and give a brief description of the item usually tied to the description given in the catalogue.

The auctioneer will suggest a starting bid and bidding will usually start below this price. The auction catalogue will usually display a guide price for the item that is above the items reserve price.

You are free to start bidding at any time after the auctioneer has announced the starting bid. Some auctions especially liquidations, bankruptcies and receiverships have no reserve (minimum) prices so give it a little time before you start your bidding, if there are no other bidders your first bid may be the price you pay.

When bidding it is customary to get the auctioneer's attention by raising your hand or making some other clear gesture to the auctioneer followed by the amount you wish to bid if different to the auctioneers announced price. Now that you have started bidding the auctioneer will return to you every time the bid is against you to see if you wish to raise your offer. A clear shake of the head will indicate to the auctioneer that you do not wish to continue bidding.

Bids go up in steps controlled by the auctioneer and until the bid nears the reserve price a bid of less than this amount will not usually be taken. If your bid is the final bid, and the price reached is above the reserve price you have been successful in your purchase.

What happens if I am the winning bidder?

After you have won the bid you will have to pay an immediate deposit, which will be stated in the terms and conditions of the auction catalogue. The type of payment method i.e. cash, bank drafts, credit cards will be stipulated in the catalogue.

The amount of time given to pay fully for the purchase and clear the goods from the auction house will also be given in the catalogue.

Remember it is usual for the goods to be the responsibility of the purchaser after the hammer has fallen

If the items for auction are large, heavy or difficult to move, representatives of removal companies will usually be present, but this is worth checking with the auctioneers before you make your purchase.

Are items always sold "as is"?

As a rule, all government auctions - and most private sector auctions - have an "as is, where is" policy. This means you agree to accept the item in its present condition and remove it from the premises on the day of the sale. However, detailed inspections of auction items are permitted and encouraged...including the ability to bring your own mechanic (or a knowledgeable friend) along to inspect vehicles before bidding.

If I buy a car or truck, can I drive it home?

Normally, yes...to drive away in your new vehicle, you must make the full payment. Title will ordinarily be transferred to you once you've paid in full. Of course, if the vehicle is not in running condition, you must make arrangements to have it towed. You will often be able to start-up vehicles during the inspection period, but you probably won't be able to drive them until after the sale.

What forms of payment are accepted?

Cash only or cash-equivalents, like cashier's checks and money orders, are the preferred forms of payment at most auctions. For cash-equivalents, it's a good idea to bring several checks for small amounts rather than one large check, since you don't know in advance the cost of your purchases. Some auctions will accept traveler's checks. If a private company runs the auction, they normally take credit cards, like Visa and MasterCard. Personal checks and business checks are not usually accepted, unless you have a letter of guarantee from your bank.

Chapter 3: Auction Day Tips

Obtain a catalogue. Before traveling a long distance to the auction, you should obtain a catalogue of items to ensure the goods for sale are what you require. Certain auctions can be subject to cancellation at short notice and it is therefore a good idea to phone on the morning of the sale to confirm the sale is going ahead.

Be conservative at your first auction. Be careful not to overbid at your first auction. When one first attends an auction, there's a tendency to bid too aggressively. On your first time out, it's a good idea mainly to watch the action...or if you do bid, keep your bids VERY conservative. By spending your time observing the auction at first, you can increase your confidence and enhance your bidding skills.

Inspect carefully. Remember, that virtually all auctions are "as is" so there are no warranties, no returns,

and no refunds. Use the preview time wisely and well to check out any item you might want to purchase. Bring the following items with you: a pocket flashlight, a tape measure, paper, pen, and binoculars. (You may need to inspect some merchandise from a distance!).

Take notes. Use the auction catalog (if available) as your notebook. Make notes next to each lot or item you might be interested in purchasing. Write down the condition of the item and the maximum amount you would pay for it. You'll be referring to these notes constantly on the day of the auction, just like the pros!

Arrive early. Once you're attending auctions to bid, you'll want to arrive at least an hour early, as most experienced bidders do. Coming early will give you enough time to register and get settled in before the bidding begins.

Bring a friend. Why attend an auction alone, when having a friend along makes it that much more fun? If at all possible, invite a friend who knows something about the items you're interested in purchasing. The two of you can put your heads together and evaluate the best deals. When the bidding heats up, you can help keep each other in line.

Avoid auction fever. Auction fever refers to the excitement that sets in during the bidding process. If you get caught up in the fever, you can suddenly find yourself placing bids that are far beyond your budget. There's only one cure for auction fever: set a price ahead of time that is the most you will spend, and stick with it. Always stop bidding when you reach your preset limit.

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