

# Glossary of Auction Terms

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**ABSENTEE BIDDER:** A person (or entity) who does not attend the sale but submits, in advance, a written or oral bid that is the top price he/she will pay for a given property.

**ABSOLUTE AUCTION:** An auction where the property is sold to the highest qualified bidder with no limiting conditions or amount. The seller may not bid personally or through an agent, also known as an "Auction Without Reserve."

**AGENT:** A person who acts for or in the place of another individual or entity by authority from them.

**APPRAISAL:** The act or process of estimating value.

**AUCTION:** A method of selling property in a public forum through open and competitive bidding. Also referred to as: public auction, auction sale or sale.

**AS IS:** Selling the property without warranties as to the condition and/or the fitness of the property for a particular use. Buyers are solely responsible for examining and judging the property for their own protection. Otherwise known as "As Is, Where Is" and "In Its Present Condition."

**ASSET BROKERAGE:** The sale of items that are one of a kind or with a small installed base that are not conducive to a traditional auction sale.

**AUCTION WITH RESERVE:** Also known as "Reserve Auction" and "Auction Subject to Confirmation," an auction in which the seller reserves the right to establish a reserve price, to accept or decline any and all bids, or to withdraw the property at any time prior to the announcement of the completion of the sale by the auctioneer.

**BANK LETTER OF GUARANTEE:** A letter from a bank certifying that a named person is worthy of a given level of credit. Often requested from prospective bidders or buyers who are not paying with currency at auction.

**BID:** A prospective buyer's indication or offer of a price he/she will pay to purchase property at auction. Bids are usually in standardized increments established by the auctioneer.

**BIDDER NUMBER:** The number issued to each person who registers at an auction.

**BUYER'S PREMIUM:** An advertised percentage of the high bid added to the high bid to determine the total contract price to be paid by the buyer.

**CATALOG or BROCHURE:** A publication advertising and describing the property available for sale at public auction, often including photographs, descriptions, and the terms and conditions of sale.

**CAVEAT EMPTOR:** A Latin term meaning "Let The Buyer Beware!" A legal maxim stating that the buyer takes the risk regarding the quality or condition of the property purchased. Sometimes the property may be protected by warranty, but this is a rare occasion.

**COMMISSION:** The fee charged to the seller by the auctioneer for providing services, usually a percentage of the gross selling price of the property established by contract prior to the auction.

**CONDITIONS OF SALE:** The legal terms that govern the conduct of an auction, including acceptable methods of payment, terms, buyer's premiums, possession, reserves and any other limiting factors of an auction. These are usually included in published advertisements or announced by the auctioneer prior to the start of the auction.

**CONSIGNMENTS:** Sellers that do not have enough goods for an industry specific auction add their items to sector sales with assets of multiple vendors. Each seller's items are referred to as "Consignments."

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**CONTRACT:** An agreement between two or more persons or entities which create or modifies a legal relationship.

**CURRENT BID:** The present high bid. To become the current high bidder, you must advance the bidding by the next Bid Increment.  $\text{Current Bid} + \text{Bid Increment} = \text{Next Allowable Bid}$ .

**DUE DILIGENCE:** The process of gathering information about the condition and legal status of assets to be sold.

**DYNAMIC CLOSE:** A process that extends bidding on an asset for a fixed time, five minutes for example, if a bid is received in the final minutes of an auction. The auction continues until there are no bids for the fixed amount of time. This process prevents last minute bid "sniping."

**INCREMENT:** Also called "Next Bid Increment" or "Bid Increment." The amount by which the bidding is advanced. It is either set manually by the Seller or is computer generated based on the Current Winning Bid amount.  $\text{Current Bid} + \text{Bid Increment} = \text{Next Allowable Bid}$ .

**INSPECTION:** Specified date, time and place property is available for prospective buyer viewing and evaluation, also known as a "Preview."

**MARKET VALUE:** The highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

**MINIMUM BID:** The lowest acceptable amount, at which the bidding must commence, also referred to as "Opening Bid" or "Reserve Price."

**ON-SITE AUCTION:** An auction conducted on the premises of the property being sold.

**ONLINE AUCTIONS:** An auction conducted on the internet via our website at [svdisposition.com](http://svdisposition.com). Bidders can bid on any or all assets available for sale up until the sale closes in real-time from anywhere in the world an internet connection can be found.

**OPENING BID:** The first bid offered by a bidder at an auction.

**PREVIEW:** Specified date, time and place property is available for prospective buyer viewing and evaluation, also known as an "Inspection."

**RESERVE:** The minimum price that a seller is willing to accept for a property to be sold at auction, also known as the "Reserve Price."

**RESERVE AUCTION:** An auction in which the seller reserves the right to establish a reserve price, to accept or decline any and all bids or to withdraw the property at any time prior to the announcement of the completion of the sale by the auctioneer. Also known as AUCTION WITH RESERVE.

**SEALED BID:** A method of sale utilized where confidential bids are submitted to be opened at a predetermined place, date, and time. Many government auctions occur in this manner, as they accept bids from around the country and perhaps the world.

**SELLER:** Entity that has legal possession and ownership of any interests, benefits or right inherent to the real or personal property, also referred to as a "Consignor."

**SEQUENTIAL CLOSE:** The bidding on lots closes sequentially beginning with Lot 1 with each subsequent lot closing at the time interval stated in the auction details page.

**SETTLEMENT REPORT:** A report issued to the seller/consignor by the auctioneer detailing the financial aspects of the auction.

**SUBJECT TO CONFIRMATION:** See "Reserve Auction."

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**TERMS AND CONDITIONS:** The printed rules of the auction and certain aspects of the Purchase and Sale Agreement that are read and/or distributed to potential bidders prior to an auction sale.

**WEBCAST AUCTIONS:** Using this service, bidders all over the world can bid on the assets for sale at the same time as those in the auction room (bidding requires an account).