

# BROKER'S CORNER

INSIGHTS FROM INDUSTRY LEADERS

## Real Estate Auctions

Guest Writer: Jim Sexton

You have seen all the hype on television and heard all the news on a declining market, so you have decided to do banks a favor and take some of that real estate off their hands. You might also “make a killing” in the process. It could happen for a savvy investor or prospective homeowner. But first you need to get the facts and go prepared.

**Trustee Sale Auctions:** These are auctions held by the Trustee under a Deed of Trust; the minimum bid is usually the amount owed the lender plus any costs they have incurred. The winning bidder must have a \$10,000 non-refundable deposit and the balance of their funds in cash by 5PM on the next business day (see Arizona Revised Statutes 33-810 for full details). Although it is possible to pick up some bargains, if the owner had sufficient equity he would probably have sold the property rather than let it go into foreclosure. These properties are generally sold “as is” in whatever condition they may be. Some properties have multiple liens so be sure you know which lien is being foreclosed.

**REO Properties/Lender Auctions:** An REO (real estate owned) is property that the lender took back at a trustee sale. The lender now owns the property and will usually evict any occupant and may do some repairs. The lender/owner may list the property for sale with a real estate broker or turn the property over to the auction house. Each auction house runs real estate auctions differently. If you are interested in the properties being auctioned you can phone or email and obtain a list of those properties

## Broker Profile



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for sale. Usually the list includes the property address, a brief description and the starting bid. Keep in mind that the starting bid is not the reserve price. Also included is the “previously valued to” price which is taken from the higher of the last asking price of the property, the appraisal used in connection with the most recent mortgage or a broker price opinion. That price maybe wildly inaccurate in today’s market. You must register; bring a \$5,000 cashier’s check and a personal check in order to bid. A “buyer’s premium”, usually about 5%, will be added to the winning bid. Be sure that you read ALL the fine print contained in the brochure, properties are usually sold “cave-at emptor” (let the buyer beware). It helps to have a real estate agent with you that is an expert in market value in the area you will be bidding. Like all auctions, bidding is fast and furious and it is important not to be caught up in the action and over bid.

**For more information about real estate auctions go to <http://phoenixrealestatebrokerage.com>**