

Home Auctions

Is it a bargain?

Maybe. You may find a bargain at an auction, or you may pay more than the home is worth. Because people get emotional, what people bid bears little relation to a home's value, so make sure you know what each house is worth. (Have your Realtor® show what similar homes have sold for in that area.) There may be 3-10 bids per property, perhaps fewer later in the day.

How do I choose which house to bid on?

See a variety of properties before the auction, and pick a few you like. Then hire a home inspector for a day during the open houses to make sure the homes you're considering are in good condition.

What if I change my mind after I win a bid?

It may cost you 3% of the house value, but more likely you won't be allowed to bid during the remainder of the auction.

If I win the bid, do I get to buy the house?

Not always. Sometimes there's a hidden reserve, which means the bank can back out of the transaction within 15 days if that amount is not bid.

How long does it take to close the transaction?

It typically takes 30 days to close the transaction, just like conventional home sales.

What about other costs?

Because it's a bank-owned title, all other liens should be gone. However, the company hosting the auction will add a percentage to the winning bids to cover their costs.

Do I need to bring money?

Yes. You must have a \$5,000 cashier's check plus a personal check for the remainder (either down payment or purchase price). For your second winning bid, you must have more money (see the auction booklet).

Can I get financing?

You can get financing with their bank or you can do a cash-only purchase. There's an instant preapproval contingency – they pull up your bank records and FICO score, and do an analysis of your debt-to-income ratio.

None of this is legal advice, nor am I actively working as a real estate agent.