

**NATIONAL REAL ESTATE AUCTION CORPORATION
REAL ESTATE AUCTION FREQUENTLY ASKED QUESTIONS
(ARIZONA)**

THIS DOCUMENT IS NOT A CONTRACT. IT EXPLAINS THE AUCTION PROCESS EMPLOYED BY NATIONAL REAL ESTATE AUCTION CORPORATION IN ITS REAL ESTATE AUCTIONS.

YOU MUST READ AND SIGN AN AUCTION AGREEMENT AND AN ADDENDUM TO YOUR EXCLUSIVE LISTING AGREEMENT TO PLACE YOUR PROPERTY IN AN AUCTION.

YOU ARE URGED TO CONSULT AN ATTORNEY BEFORE SIGNING THE AUCTION AGREEMENT AND THE ADDENDUM TO YOUR EXCLUSIVE LISTING AGREEMENT.

1. How does the Auction Agreement affect the relationship between you and your Listing Agent?

You must be represented by an Arizona licensed real estate broker (or Arizona licensed Listing Agent on behalf of an Arizona licensed real estate broker) in order to register your property for an auction. The Auction Agreement does not modify any relationship or contract between you and your Listing Agent. Neither Premier Real Estate Group, Inc. (“Premier”) nor National Real Estate Auction Corporation (“National”) becomes your Listing Agent under the Auction Agreement.

To place a property in an auction, you and your real estate broker or Listing Agent must sign an Auction Addendum to your Listing Agreement. This Addendum allows National to market your property, and defines the commission sharing arrangement between Premier and your Listing Agent and your broker. Under the Addendum to your Listing Agreement, you and your broker will both be liable for any commissions and other sums that are not timely paid to Premier.

2. Who are Premier and National?

National is a corporation that promotes and holds real estate auctions. National is not a licensed real estate broker and does not represent either the buyer or the seller in any transaction. National promotes the auctions and creates an environment where buyers and sellers and their brokers or agents can come together on auction day. Premier is an Arizona real estate broker that oversees the conduct of National’s auctions and facilitates sales resulting from National’s auctions.

3. Who can bid on properties in the Auction?

The Auction is open to the public. There are usually numerous people that attend the Auction. However, only “Registered Bidders” can place bids at the Auction.

4. How does someone become a Registered Bidder?

A Registered Bidder must: (a) be represented by a real estate broker or Listing Agent licensed in Arizona, (b) complete and sign a Bidder Registration Agreement, (c) be approved by Premier based on the bidder’s ability to consummate a purchase transaction, and (d) make a Bidder Deposit.



5. How does bidding at the Auction work?

The Auction will be subject to a “reserve”. This means that you may refuse any and all offers below the Reserve Price that you set for your property. Bidding will start at the Opening Bid Price. Bids may be made by Registered Bidders either in person, by telephone, or via the Internet during the time of the Auction.

If the highest bid exceeds the Reserve Price, then the bidder placing the highest bid will be the “Winning Bidder”. The Winning Bidder is obligated to purchase your property at the “Winning Bid” price plus pay the Buyer’s Premium. If the Reserve Price is not met, then you are not obligated to sell your property and no bidder is obligated to purchase your property.

6. How is the Opening Bid Price set?

The Opening Bid Price will be based upon your Asking Price. The Opening Bid Price is set at 50% of your Asking Price. The Opening Bid Price does not affect the Reserve Price or the List Price that you determine. Rather, the Opening Bid Price merely determines where the bidding will begin on your property. You are not obligated to accept any bid below your Reserve Price.

7. What is the Buyer’s Premium?

The Buyer’s Premium is a commission that is paid by the buyer at the close of escrow. The Buyer’s Premium equals ten percent of the Winning Bid amount. The Buyer’s Premium is added to the Winning Bid amount to determine the contract sale’s price of your property. The Buyer’s Premium is divided between your broker, the buyer’s broker, and Premier based on the terms of the Addendum to your Listing Agreement.

8. How should you set your Reserve Price?

You should set your Reserve Price as the lowest price that you will accept for selling your property without having to pay real estate commissions. In determining your Reserve Price, you should take into account that if your property sells at the Auction, the commissions are paid out of the Buyer’s Premium. Any bids below the reserve price will be rejected by the Auctioneer and will not result in a sale. You should set your reserve as the true and accurate lowest price you are willing to accept. National does not reveal the identity of bidders other than the Winning Bidder under any circumstances.

9. What happens if someone refuses or fails to follow the rules of the Auction?

National and Premier reserve the right to accept or reject any bid. National and Premier also reserve the right to deny any person or group admittance to the Auction or remove any person who interferes with the Auction. If a seller fails to comply with the terms and conditions of the Auction Agreement, Premier and National reserve the right to remove that seller’s property from the Auction.

10. What if you want to change the terms of the Auction Agreement or the Addendum to your Listing Agreement?

Any exception or modification to the terms and conditions of the Auction Agreement must be approved in writing by National and Premier prior to the Auction. Any changes to the Addendum to your Listing Agreement must be approved in writing by Premier prior to the Auction.



11. What is the Auction Fee?

The Auction Fee is a non-refundable fee that is for National’s efforts in organizing, marketing, and conducting the Auction. You and your Listing Agent also receive “Auction” signs to place on your property, and a property profile in the Auction materials including the Auction website. You also receive the benefit of the advertising that Premier will undertake in promoting the Auction. Finally, your property will be entered in the Auction itself.

12. What happens if someone submits the Winning Bid for your property?

You and the Winning Bidder will execute a Purchase Agreement for the property at the contract price equal to the Winning Bid plus the Buyer’s Premium. The Purchase Agreement will not include an inspection contingency. The contract may include a financing contingency but only if Premier has reasonably determined that the Winning Bidder will likely be able to consummate a transaction. Close of escrow on the sale will be within 30 days from the date of execution of the contract. Your contract is then submitted to an escrow company.

13. What happens if the bids on my property do not reach the reserve?

If the highest bid on your property is below your Reserve Price, then no bidder is obligated to purchase your property and you are not obligated to sell your property. National does not reveal the identity of bidders other than the Winning Bidder under any circumstances.

14. What can my Listing Agent and I do to increase the odds of a good outcome at the Auction?

The Auction is just one part of the sales campaign for your property. Your Multiple Listing Service entry should state that your property will be offered at Auction. You and your Listing Agent should use other marketing outlets such as postcards, flyers and, of course, open houses. The more effort that you and your Listing Agent undertake to market your property and notify the public of the Auction, the better your chances for a successful outcome.

15. Why should you pay a 1% commission if a contract is entered into before or within 15 days after the Auction?

The Auction and the surrounding advertising will draw attention to your property and often results in offers on houses either immediately before or within 15 days after the Auction.

YOU ACKNOWLEDGE HAVING RECEIVED AND READ A COPY OF THESE FREQUENTLY ASKED QUESTIONS.

Seller

Spouse or Co-Owner

Signature

Signature

Date

Date

