

ESTATE SALE OR AUCTION? WHAT EVERY SELLER MUST KNOW BEFORE LIQUIDATING THEIR ESTATE!

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Each year we receive hundreds of phone calls from regular folks that find themselves in the demanding position as an estate representative for a family member or friend.

Assuming such a role is always a thankless and very demanding on your time and nerves. In most cases, it becomes apparent that the person named as an estate representative (executor) lacks the necessary business experience and know how to adequately perform the necessary tasks when settling an estate.

When the time comes to properly liquidate the assets of an estate, it seems that 9 out of 10 times, estate representatives improperly select the wrong type of liquidation service which ultimately costs the benefactors of the estate thousands of dollars and added frustrations.

We have found that the majority of estate representatives and executors whom we speak to simply do not understand what the difference is between an Estate (Tag) Sale versus an Auction.

The fact is, the difference between an estate sale versus an auction is mammoth and under no circumstances are the two services synonymous with one another.

ESTATE SALE vs. PUBLIC AUCTION

From Wikipedia, the free encyclopedia (Take note of the underlined)

An estate sale is a type of garage sale, or yard sale to dispose of the majority of the materials owned by a person who is deceased or will be moving. Estate sales are usually conducted by a professional, for a percentage of the revenues. This is because the scope of the process is usually overwhelming to the survivors, and for the specialist's experience with pricing antique items, his or her following of customers, and the specialist's experience in disposing of unsold goods in an unsentimental manner after the run of the sale. Antique and collectible dealers use estate sales as one of their more important wholesale sources. Estate sales are typically 1 to 3 days long, often with a price reduction toward the end.

ESTATE SALE: NO INDUSTRY STANDARD 😞

Starting an estate sale company requires no professional standards of any kind. More

specifically, there are no professional organizations, education, and training, designations, continuing education or even a Code of Ethics for the estate sale company to abide by. By and far, it's the wild, wild west of all businesses.

ESTATE SALE: CONFLICT OF INTEREST 🙄

This is the number one red flag that should be at the top of your radar screen. You will find that a large majority of estate sale companies are operated by an antique, Internet auction seller or second hand goods dealer which is clearly a major conflict of interest to say the least. Problems that may arise out of a situation like this is the estate sale company may strategically position and price valuable merchandise which is quietly sold to the estate sale company so they can reap the true value of the merchandise elsewhere. Many estate sale companies reserve the right to retain any remaining inventory at the end of the sale which again, raises eyebrows and is a major conflict of interest.

ESTATE SALE: THE EARLY BIRD GETS THE WORM 🙄

The only form of competitiveness involved with buying your merchandise is folks arriving the earliest on the morning of your sale in hopes of being one of the first in the door to find 'the good stuff'. Some estate sale companies use a number system where random numbers are pulled out of a hat which determines WHO gets inside the home first while the rest of the buyers stand in line who wait to gain entry and hope that all the 'good stuff' was not bought up by the first group that was in.

ESTATE SALE: THE JUDGE. JURY AND EXECUTIONER 🙄

Nobody can possibly be an expert on all collectibles, jewelry, antiques, automotive, tools and even household furnishings. However, the vast majority if not all estate sale companies play the role of the Judge. Jury and the Executioner. In other words, pricing of your valuable assets comes down to one person establishing such values which are often erratic. It's a well known fact in the antique and resale business that dealers prefer 'professionally' operated estate sales as they can capitalize on improperly marked goods - that is, if they are one of the first ones in the doors.

ESTATE SALE: MARKETING IS LITERALLY NON EXISTENT 🙄

The majority of estate sale companies that we have observed over the years have zero

concepts on the art of marketing. Essentially, there is no marketing campaign whatsoever with the exception of a classified ad in the local newspaper, a sign on the corner and perhaps the utilization of the Internet in some capacity. Instead of laying out a detailed marketing plan, they cut this corner right out of the equation and brag up and count on their local following. Let's put it this way, when was the last time you read an article in the local newspaper or a story on the evening news that talked up an estate sale? It does not happen because they are low publicized and non-newsworthy events.

ESTATE SALE: NEGATIVE HAGGLING 😞

For the most part, there isn't any negotiations whatsoever at an estate sale. The exception is, if an item isn't priced then the estate sale company will name a price from off the cuff. The other exception is, typically estate sales a two and three day events where prices are slashed up to 75% off from the original marked price. When prices are negotiated on your merchandise, negative haggling is the automatic process.

ESTATE SALE: SHODDY CONTRACTS AND AGREEMENTS 😞

Obviously, this isn't the case with every company that provides estate sale services but there does seem to be a trend with poor contracts in this field. Those that I've seen are simply cut-and-dry one page wonders that are full of legal loopholes and leave the owner practically defenseless - well, at least according to the contract. First and foremost, a good contract should never be written by anyone other than an attorney and never in a fashion to gain leverage over the other party. Common language in an estate sale contract is the estate sale company reserves the right to retain any unsold merchandise. The owner is not allowed on the premises during the sale and the estate sale company isn't responsible for theft which is ironic considering that you'll have a dozen or so vastly unsupervised strangers rummaging through all rooms in your home on sale day. In addition, you'll see that most estate sale companies have very little mention on how they are going to promote your sale. They often pay for all advertising right out of their own commission which they can afford to do because there isn't much of an advertising campaign whatsoever. Be careful with what you agree to. Read the contract in its entirety and always have your attorney review the contract for legalities.

ESTATE SALE: A MOUNTAIN OF LEFTOVERS 😞

Leftovers are fine at Thanksgiving and Christmas but not when your ultimate goal is to sell and clear out the residence of personal property. Unlike an auction, the likelihood

that you are going to have a mountain full of leftovers and a big mess on your hands is pretty likely. Some estate sale companies will address this concern and make 'clean up' arrangements at your expense.

ESTATE SALE: YOU CAN'T WATCH! 😞

Despite the fact this point was mentioned in the 'contracts' section of this article, it deserves its own section. Many estate sale companies have a provision in their contract that no member of the family is allowed on the premises while the sale is under way. Regardless of the reasons given, if this isn't a red flag to you then nothing is.

The fact is, most estate sale companies do not want you around during YOUR sale. Like I said earlier, it's the wild, Wild West of all businesses where there is typically no accountability whatsoever from a licensing, registration, educational or even the owners of the property being present.

ESTATE SALES ARE A POOR BUSINESS MODEL 😞

At the end of the day, an estate and tag sale is simply a glorified garage sale which is typically operated by one or two semi or retired part-time 'weekend warrior' type of small business owners. None have any professional training, or education in the 'estate sale' field whatsoever. There are no 'industry standards' starting with a strict code of ethics because there isn't any trade organizations or associations. Many are current or former antique shop or reseller dealers who bring a level of expertise in specific areas but nevertheless, when they are dealing such goods along with representing an estate, it's clearly a conflict of interest to say the least.

Despite all of this, the actual estate sale process is poor and rarely advantageous to the seller. Assuming that everything an estate sale company is above par, the process alone nullifies the effectiveness of the ultimate goal - receiving the optimal value on the goods through a complete liquidation effort. Their liquidation is never complete without the use of a garbage dumpster, goodwill and a guarantee in writing that the estate sale company will ensure that the property is clutter-free and clean at the end of the sale.

There is NO salesmanship whatsoever when it comes to selling your valuable assets at an estate sale. None. The handlers of the estate use the 'silent salesmanship' approach to selling your goods which equates to a price tag and willingness and hope that a buyer will purchase the item.

Estate sales are simply not the best choice when liquidating an estate.

WHEN ESTATE AND TAG SALES ARE EFFECTIVE 😊

Choosing the right type of service to liquidate an estate is subject to the type of merchandise that needs to be sold.

An estate sale (tag sale), garage sale is effective if the estate simply contains general household merchandise and modern day furnishings and foreign imported goods. However, if there is a selection of fine antiques, collectibles, memorabilia and certain types of collections, then an estate sale is absolutely a poor choice.

Keep in mind that our firm offers estate sale services but there is a reason why we have conducted just ONE estate sale in the past decade - because we strongly advise our clients against choosing this method of selling their assets.

THE DEFINITION OF AN AUCTION:

An auction is an event in which goods or property are sold to the highest bidder. By being open to the public, an auction ensures a wide range of bids, and sometimes items at auction can fetch surprisingly high prices. The bidders, in turn, create their own market, determining on an individual basis how much they want to pay for an item, rather than having prices dictated by the seller.

WHY SHOULD YOU SELL YOUR ASSETS AT AUCTION? 😊

The auction method of marketing is one of the world's earliest professions. In fact, this unique method of selling literally dates back to thousands of years and the reason for this is quite simple. Auctions are the quickest and most efficient method of selling goods at market value.

Truly professional auctioneers are full-time professionals that typically have years of

experience and an extensive educational background in the auction industry.

OVERVIEW

- Creates Competition: When Bidders Compete, Sellers Win. 😊
- Establishes a floor and eliminates the ceiling on pricing 😊
- Seller has full control (when, where, how much, terms, conditions, etc). 😊
- Fully transparent and recognized as being fair to all parties in the marketplace 😊
- Only method that truly reveals the Current Fair Market Value 😊
- Satisfies Governmental and Judicial requirements 😊
- Creates excitement within the marketplace 😊
- Creates a sense of urgency that cannot be duplicated by any other method of marketing 😊
- Converts all your items into cash. Not just your best items 😊
- Buyers come prepared to buy 😊
- Auctions expose your assets to a larger pool of qualified buyers 😊
- Fully transparent! Sellers are welcome and encouraged to attend THEIR auction. 😊

AUCTION: THERE IS AN INDUSTRY STANDARD 😊

There is a well defined industry standard in the auction industry through the National Auctioneers Association, the Michigan State Auctioneers Association and the State of Michigan.

Regardless of which auction company you are considering to do business with, it's important that they are members of their state and national auctioneers association as they are required to follow a strict code of ethics with these organizations.

Furthermore, the auction industry provides extensive educational resources with the most distinguished is the Certified Auctioneers Institute which is a three year designation program held at Indiana University in Bloomington, Indiana. The CAI designation is equivalent to a PhD in the auction industry and roughly 1,100 auctioneers worldwide maintain this important auction designation.

In addition, the Universal Commercial Code specifically outlines important protocol that professional auction firms are to adhere to.

AUCTION: 100% TRANSPARENT! 😊

American Eagle Auction & Appraisal Company, LLC not only welcomes but we encourage our sellers to attend their auction! There is nothing more satisfying than seeing the owners of the property smiling while witnessing the success of their auction event. At a public auction, each item sold is completed in open view which leaves nothing to the imagination.

AUCTION: THE AUCTION METHOD OF MARKETING 😊

Generally speaking, professional auctioneers are specifically trained and experienced in the ART of marketing. In fact, this is the most important aspect of the entire auction process. On a regular basis, auctions make the headlines with local and national news agencies because auctions create and demand attention!

Professional auction firms go to great lengths to market your assets to the right target market audience as opposed to limiting their advertising by placing generic classified ads in the local newspaper and a cardboard sign on the street corner.

In terms of marketing alone, the auction method of marketing is in a league of its own.

AUCTIONS DELIVER FAIR MARKET VALUE! 😊

Auctions are the only method of selling where prices are negotiated upwards through the momentum of competitive bidding. Can you think of a better way to determine fair market value than an auction with an object offered by a willing seller and a crowd of willing buyers?

Without question, dealing with an experienced auction firm, a well prepared and marketed auction will result in the highest possible fair market value on that particular day in a timely and efficient method.

Before you make the decision on liquidating your estate, be sure to consult with your local auctioneer and discover how the auction method of marketing will work for you.

Only at auction!