

Going Once ... Going Twice Gone

By J.N. Sbranti (The Modesto Bee)

Real estate auctions are multiplying in the Northern San Joaquin Valley as anxious homeowners seek new ways to unload their houses quickly.

At least four companies will auction Stanislaus County homes during the next month or so, including more than 60 homes that will go on the block Thursday night.

Some of the auctioneers are big, national companies; others are local real estate agents trying something new.

Modesto homeowners Todd and Penny Rowell certainly are ready for something new. That's why they're auctioning off their 2309 Rosetti Court house Saturday in a process that includes sealed and telephone bids.

"Our house has been on the market for a year, and traditional methods have not worked," said Todd Rowell, who moved his family to Spokane, Wash., in 2006. "We have had a signed contract with multiple buyers who later either were unable to get financing or got cold feet about the market. This has been very frustrating."

So the Rowells and their agent, Aaron Lewis of Prudential California Realty, decided to try an auction.

"We are sick of the whole selling process and are ready to move on," said Rowell, noting that he and his wife are ready to "let the market determine the value of our home."

Bidding on their four-bedroom home will start at \$178,500, which the Rowells figure is about half what it is really worth.

If buyers don't agree, the Rowells have left themselves an out: They don't have to agree to accept the highest bid.

"The bid is not legally binding on either the buyer or the seller," explained Lewis. He said the Rowells aren't revealing their bottom price, but "the money they are willing to accept is well below the market value."

Having an undisclosed "reserve price" is not unusual.

The 60-plus homes being auctioned beginning at 7 p.m. Thursday at Modesto Centre Plaza by Hudson & Marshall will have no minimum bid, but the property owners don't have to accept any of the bids.



‘Absolute auctions’ draw crowds

That’s not the case with the Turlock property being sold at 11 a.m. Aug. 3 by Pacific Auction Exchange. The land at 16714 Bradbury Road, which includes two homes, will be sold in an “absolute auction” for whatever bidders are willing to pay.

“Absolute auctions attract more people than (reserve bid) auctions,” said Casey Stonebarger of ASAP Real Estate Sales in Denair, which is a franchise of Pacific Auction Exchange.

Stonebarger said about 160 people showed up in February for the auction of an Oakdale home, which ultimately sold for \$385,000. That price included a 10 percent buyer’s premium, which Pacific Auction Exchange collects to cover its costs.

The Hudson & Marshall action will have a 5 percent buyer’s premium, which will be added to each high bid.

There won’t be any buyer’s premium for the Rowell home.

Williams & Williams, which auctions about 1,000 homes a month nationwide, doesn’t charge a buyer’s premium either. It plans to auction about 15 homes Aug. 23 in five Northern San Joaquin Valley locations.

That includes three Modesto homes, which are on Elmwood Avenue, Mount Vernon Drive and James Street.

In one Williams & Williams auction last month in Modesto, a three-bedroom duplex on South Madison Street sold for \$95,000. The company sold a threebedroom home on Cadillac Drive in Modesto for \$210,000 in April.

Its founder and chairman, Tommy Williams, said real estate auctions are gaining popularity throughout the country.

“Buyers are beginning to realize it’s an easy way to do business,” said Williams, noting how transparent auction transactions are. “It feels fair and equit-able and like you’re not being taken advantage of.”

Williams said sellers accept the high bids at 85 percent to 90 percent of his auctions. That’s because sellers realize they’re “getting a fair deal dictated by the reality of the marketplace.”



There was \$16 billion worth of residential real estate sold in 2006 in the United States, according to the National Auctioneers Association. Williams, who is that association's incoming president, has no doubt this year's sales will be significantly higher.

"I think you're seeing the tip of the iceberg," Williams predicted. He said foreclosed houses that have been repossessed by banks, then sold at auctions, are driving much of the increase.

All of the Hudson & Marshall sales Thursday will be bank-owned properties.

Foreclosure auctions not same

So were the 47 homes auctioned June 25 in Modesto by the Real Estate Disposition Corp. The final sale prices for those homes haven't been disclosed by the company.

Such auctions are far different from the foreclosure auctions conducted on the courthouse steps at noon virtually every weekday.

Courthouse auctions are legal proceedings in which foreclosed homes are sold to the highest bidder without guarantees. Courthouse bidders typically have no opportunity to inspect the property or confirm whether it has other outstanding debt, and they can't obtain title insurance.

The vast majority of the homes sold in courthouse auctions go to the lender who was owed the unpaid mortgage. Many times, the bad debt was more than the home's current value.

Those lenders then must resell the repossessed homes, and increasingly they are turning to auctions to do that.

Lender-owned homes sold at auction by private real estate companies typically come with title insurance and provide bidders the chance to do inspections.