# DAVE SAYS:

# Is It A Good Idea To Sell A House At Auction?

#### Dear Dave,

I have a couple of rental houses, and I was thinking about unloading them at auction instead of renting them out again. What are your thoughts on selling homes at auction? Shannon

### Dear Shannon,

First, let's take a look at the two types of real estate auctions, absolute auctions and auctions with reserve. With an absolute auction, whatever the house sells for, that's it. When the hammer drops, you've sold the house. An auction with reserve is where the seller, or his agent, reserves the right to ac-



# Dave RAMSEY

cept or decline any and all bids. A minimum price may or may not be disclosed, and the

seller reserves the right to accept or decline any bid within a specified timeframe.

As a general rule, auctions are not going to bring retail price. People who go to them are looking for a deal, so you've got to be willing to accept less than what the property's actually worth. Essentially, what you're doing is drawing out the vultures and hoping one of them will get excited and pay a price close to retail.

Take a good look at your properties, the neighborhoods they're in, and decide what you're willing to accept. Then, talk it over with a quality auctioneer in

your area. I've done saving 15 percent of pretty well selling properties at auction, and I've also found some great deals buying properties at auction. Of course, that meant someone else didn't do so well! -Dave

## **Dear Dave**,

Would you explain your 15 percent re-

**Fifteen percent** 

quirement on retirement contributions as listed in the Baby Steps?

Melanie Dear Melanie,

When I talk about Baby Step 4, which is your income for retirement, I'm talking about 15 percent of your gross annual pay. Now, you don't have to get too nerdy about it. It's not like you're going to die a pauper if you only save 14 percent, or be ridiculously extrawealthy if you save 16 percent. The bottom line is you should be able to save \$7,500 a year if you make \$50,000 annually. That's only about \$600 a month.

But, the only way you can do this is if you lose stupid things like car payments and credit cards. Get out of the land of MasterCard bondage and American

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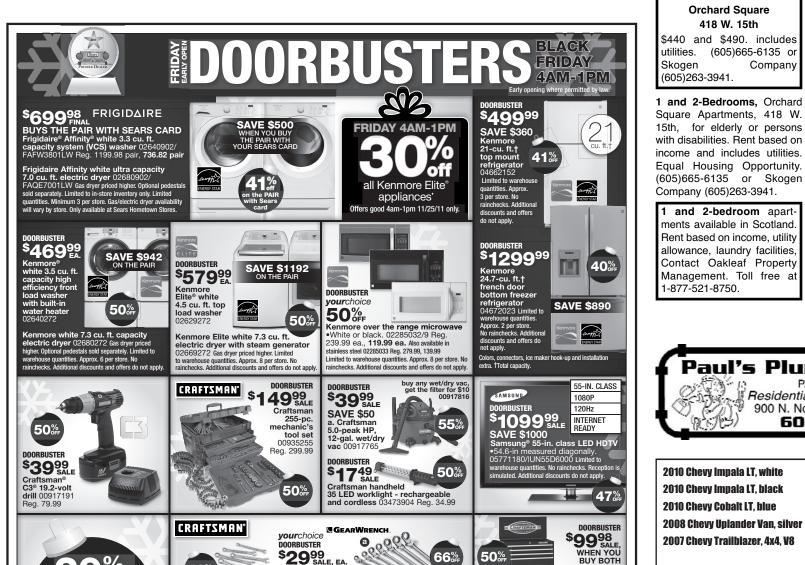
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Distress! When you get out of debt, it's easy to set aside an emergency fund of three to six months of expenses and breeze right along pumping 15 percent into retirement.

By the way, did you know you can retire with about \$7 million if you save 15 percent of a \$50,000 a year income and invest it in good growth stock mutual funds starting at age 30?

Sounds like it's worth doing to me! -Dave

\* For more financial help, please visit daveramsey.com.



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