



Managed Estate Sales:

Tips & Questions to Ask Before Liquidating

Clearing a home for downsizing, liquidating an estate, or relocation? Hosting an estate sale can be an arduous task. A managed estate sale can be a more efficient method for repurposing your family's treasures. But there are some things you need to know and questions you should ask prior to signing on the dotted line. Below are some tips when considering engaging in an estate sale for your household goods or those of a loved one to help you achieve the desired outcome.

Professional estate liquidators market, stage and organize the sale. While managed estate sales can relieve you from expending your time finding buyers, pricing, and selling, estate sales are not for everyone and the profit margins may not be as high as you think. Take some time to peruse some of the online auction sites to familiarize yourself with their offerings and the valuations of similar items in your estate.

Estate sales are not solely for high end, high value items. Everyday items sell; however, be mindful of quality. Stained, ripped, dirty, broken items are not appropriate nor are those with missing pieces.

Professionally staged sales could create a higher perceived value for your items vs. what some may view as a garage sale.

Many companies operate on a commission basis, while others offer a flat fee. Obtaining more than one opinion on the value of the estate is recommended especially if a company offers a flat fee. The American Society of Estate Liquidators advises that:

“The national average for an estate liquidator is 35% to 40%, however, it depends on the geographical region, and it depends on what is included in that percentage. If they offer services other than, or in addition to liquidation, they may charge an additional hourly rate, or include the additional service in the overall percentage. Some regions areas have higher/lower rates than others.”

Be wary of liquidators purchasing your items directly. According to marketwatch.com¹

“Some estate liquidators will buy items from an estate they're selling. While this practice might seem harmless—even beneficial, since it helps to clear things out—it presents a potential conflict of interest, some experts say. Some feel a professional should not buy items that she prices, since her motivation to buy might motivate her to set the price low so she'll pay less—or unreasonably high to drive off other potential buyers. She also shouldn't hide desirable items during the sale so she can underpay for them when it's over. Another no-no, according to some experts: paying workers with items from the sale.”

Caveat Emptor—Aka Buyer Beware. Read the contract's fine print before you engage any services. And be sure to sign a contract. While a contract doesn't guarantee that the situation will flow perfectly or that the company is honorable, it does provide you with more avenues for recourse.

Credentials

- Ask your network for referrals, ask the liquidators for references, review online ratings, and check local Better Business Bureau reviews.
- Are they bonded? Insured?
- Are they a member of the American Society of Estate Liquidators (ASEL)? Members of ASEL must meet certain education and credentialing requirements and code of ethics standards. For more information, visit aselonline.com.

Consulting with a Prospective Liquidator

Here are a list of considerations to help you prep for your phone consultation or in person meeting with a prospective company. Ask questions until you feel comfortable.

- Is the company locally or nationally operated? If they are a national company, who do they assign to manage the local move, and is that company licensed, bonded, and insured? Will someone local be coordinating the sale? Who will be your point of contact?



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- Obtain a consultation to assess what you have, what services you need, costs, liability, valuations, etc.
- What are their marketing strategies? Do they have an online presence? Is that important to you?
- If they have an online presence, research items to see if asking prices are reasonable and average length of time before sale.
- Are you able to adjust bid prices if you disagree? If so, how?
- Discuss method of identifying what is to be sold.
- What happens to items that do not sell? Will you have to pick them up? Pay for transportation costs for disposition? Will items be disposed of per your wishes and associated costs? Do they sell, consign, donate, recycle, trash? If they donate to charity, will you be able to select the donee and receive a receipt for your itemized donation for tax purposes?
- How and when will you be paid?
- Do they require complete household contents or will they accept partial? Is there a minimum number of items required by the company or to justify the costs? Will they consign if you have a limited number of items to sell? What is the consignment split? What happens to unsold items?
- Do they have prohibitions against any items? Some estate auction houses will not sell clothing, weapons, etc.
- Will the bidders/buyers be coming to the home? Who will be responsible for interfacing? Organizing the pickup lots?
- Most companies will not conduct a sale in an occupied home. You may need to remove your personal belongings and vacate the premises during the sales period.
- Do you need to disconnect appliances to be sold?
- How does the company ensure the security of your home and possessions before, during, and after the sale while it is under contract with their company? Is there extra security provided for high value art, weapons, collectibles, and jewelry? Is there security at the door checking receipts.
- What is their policy regarding food and beverages on premises?
- Do they sell vehicles? How are the sales of vehicles conducted? Title transfers?
- Determine if company is willing to work with owners, executors/executrices, heirs living out of state.
- Ask how much prep time is needed, some require a few weeks prep.
- How long will the sale run? Typically they run 1-3 days depending upon the size and contents.
- Do they have rules regarding sales days of the week or advise on best days for sales in your area?
- Do they bring in outside items for sale? Some companies engage in this practice. It is not advisable. Your goal is to empty your property, not someone else's. Complications may also arise with accounting toward the estate's revenue in addition to injuries to property or persons..
- Is a permit needed for sale in your location?
- Do they have a policy regarding privacy and confidentiality.

Costs

- Are there upfront costs?
- Do they operate by commission or flat fee lump sum?
- Is commission based upon estimate or actual gross sales revenue? Note commission totals may vary depending upon the items.
- Is there a minimum fee?
- Are there any extra fees such as for security services, trash removal, cleaning, transportation costs for disposing of unsold items, mailing parcels to out of town buyers, etc.

Valuations

- The amount you paid for an item or what you believe it to be worth may not equate to an actual sales price or Fair Market Value.
- Have your high value items independently appraised. Consult with the liquidator to determine how they assign values particularly with items beyond their expertise.
- It may better serve you to use an auction house to sell high value or rare items.

Pre-Sale Logistics

- What is the lead time to book an estate sale? Some companies book months in advance.
- Will you be allowed on the premises during the sale?
- Hold off on selling your home prior to the estate sale in order to give adequate time for the sale to take place. The estate sale might even bring in some potential buyers. If your furniture sells, staging is always an option.
- Begin decluttering and purging early. Weeks prior to the sale, begin gifting, donating, recycling, and trashing. Take photos of prized possessions to preserve the memories. Be sure to handle any private/personal items that you don't wish to share with the liquidator or public. On the flip side, be mindful of what is disposed. Everyday items are often in demand at estate sales. Need an organizer? Contact ThePracticalSort.com.
- Inventory and photograph, especially high value items.
- Be very clear up front about items not to be included in the sale before signing any contracts. Companies typically base their commissions on gross sale estimates.
- Home utilities need to be functional during sales period (gas, water, electricity, HVAC).
- If you are liquidating a deceased loved one's estate or in the event of divorce or bankruptcy, be sure that all legalities have been sorted first and that you have full legal authority to sell. Check with your attorney prior to initiating the process. The company may request copies of any legal documentation authorizing you to sell and current homeowner's insurance.
- Be certain that the homeowner's insurance is still active particularly if the estate sale will be conducted in the home of a deceased person. Determine if the policy covers liability in the event there is an injury during the sale period.

Taxes

Familiarize yourself with federal and state gift and estate tax exclusions if the estate sale is for a deceased person's possessions. According to marketwatch.com², "The value of all household items counts toward the total value of the estate for estate tax purposes (and if the estate sale is held soon after the death, then the value of the items is the amount they sell for at the sale, rather than just the appraised value, attorneys say)".

The federal estate tax exemption in 2020 was \$11.58 million according to irs.gov³. For Oregon residents, an estate may be subject to the Oregon inheritance tax or estate tax if the total gross estate exceeds \$1,000,000⁴.

Post Sale

- To what degree will the company clean up after the sale?
- What are their fees?
- What do they do with any remaining items?

Further Considerations:

You need to be comfortable with public traffic roaming through your home.

Need assistance in Finding a Liquidator?

Below are some online locators. Note, this not an endorsement of these sites.

American Society of Estate Liquidators (ASEL): aselonline.com/for-consumers/find-a-liquidator/estatesales.net
estatesales.org

Need assistance getting organized prior to the sale?

Contact The Practical Sort. We will get you sorted.

Visit our website at ThePracticalSort.com
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¹ marketwatch.com/story/10-things-estate-sales-wont-tell-you-2013-06-14?page=9

² marketwatch.com/story/10-things-estate-sales-wont-tell-you-2013-06-14?page=5

³ irs.gov/businesses/small-businesses-self-employed/estate-tax

⁴ oregon.gov/DOR/programs/individuals/Pages/estate.aspx

Note: This guide is intended to provide a list of practical tips. The Practical Sort Eco-Organizing Solutions is not responsible for any loss or damage as a result of any of the tips provided, nor is the company making any express guarantees about sale prices, etc. So please exercise due diligence when preparing for your estate sale. Seek legal or financial assistance if necessary. Do your research prior to engaging in any service contracts.



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