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Mark Prendergast
Director of Trusts & Estates



Dallas Headquarters

\$800 Million in last 12 months

Founded 1976

3rd Largest Auction House in
the world

Leader in Coins and
Collectibles

400+ Employees

Opened Beverly Hills saleroom
in February 2010

Opened in New York City
September 2010

Valuation and Sale of Artwork and Collectibles

Recent Auction Highlights

The Factors of Value

Proper Appraisal Valuation

Working with Auction Houses

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The Art and Collectibles Market

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VAN GOGH 120+² DEGAS 142¹+1² PICASSO 153+



Bernard Stollman

Recent Highlights

Illustration Art

Post-War Art/Contemporary Art

American and Texas Paintings

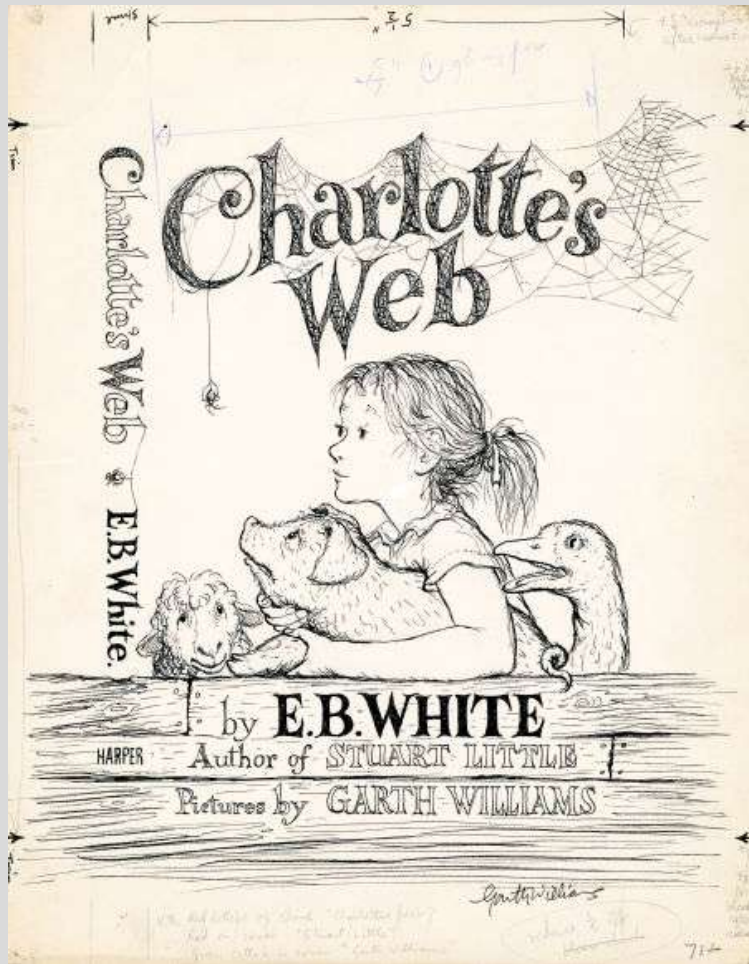
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Niche markets – finding the right sources and appraisers for values.



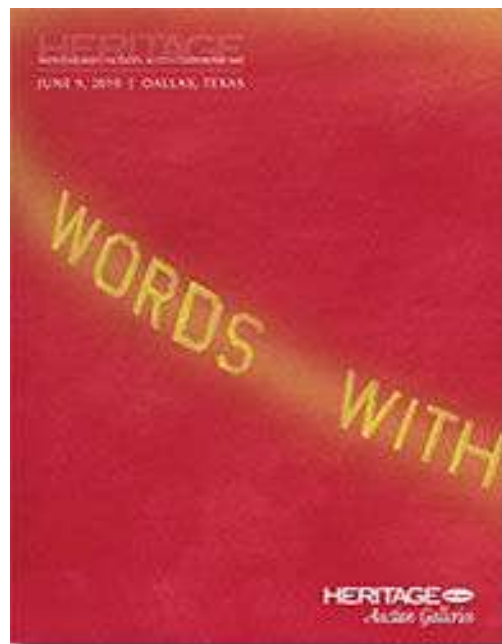
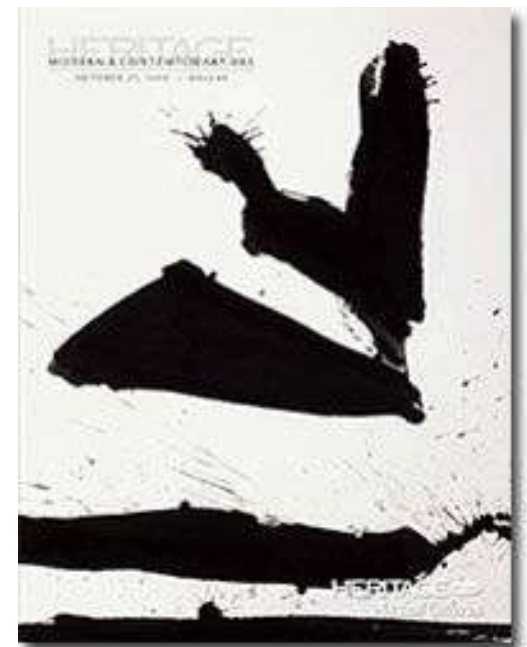
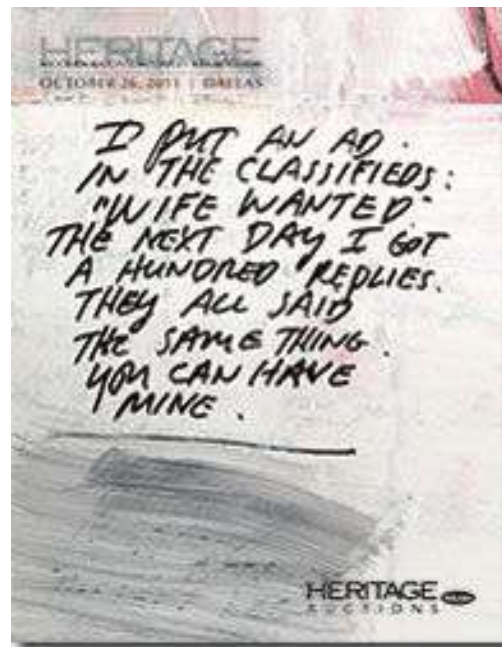


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Post-War & Contemporary Art







American and Texas Art

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Factors that affect the value of property

Provenance

Rarity

Quality

Condition

Fashion

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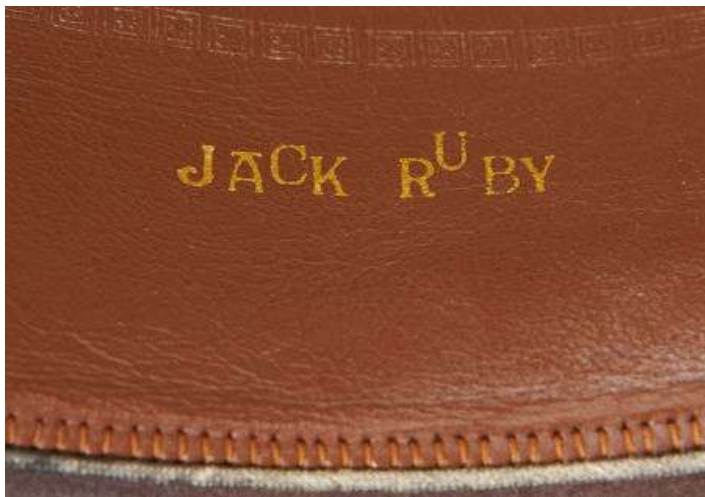
Provenance

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Rarity

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Quality

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Condition

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PAPER MONEY GUARANTY

San Antonio, Texas

The Frost NB

CH# 5179

Fr#490 \$10 1882 Brown Back S/N U705806 / 1051 pp C

55

About Uncirculated



Fashion: Trends and styles

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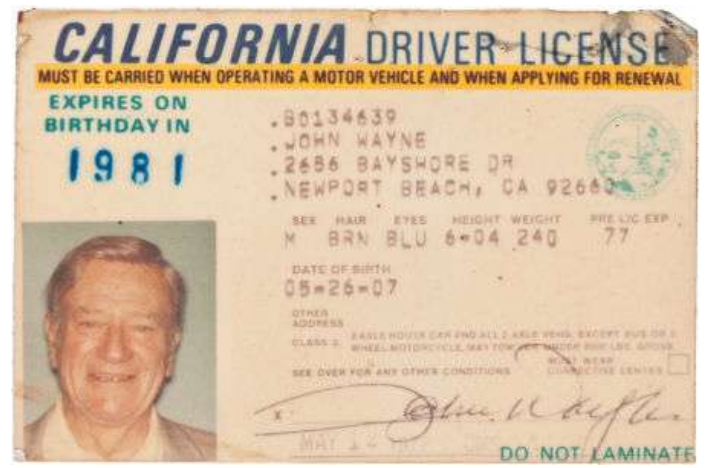


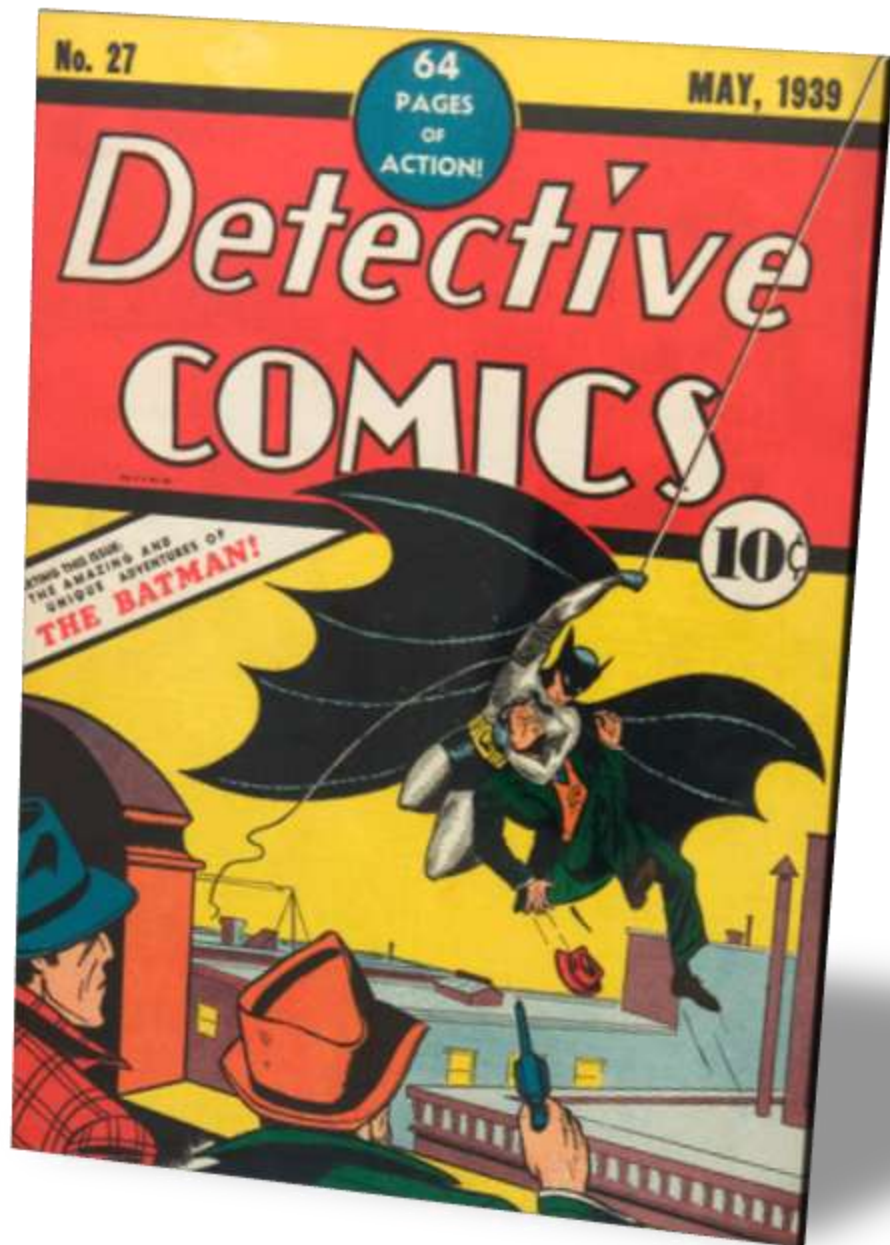
Combination of Factors

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Appraisals of Tangible Property

- IRS compliant written appraisals
- Fair Market and Retail Replacement Value
 - Charitable Donation
 - Equitable Distribution
 - Estate Planning
 - Estate Tax
 - Financial Planning
 - Gift Tax
 - Insurance
 - Trusts/Conservatorships
- Variances – Charitable Donation restricted use issues, blockage discounts, fractional/partial donations, partial/joint ownership.
- Timely delivery of appraisals
- Costs – based on number of items/scope of work
 - not values.

IRS Compliance – for all tax appraisals of tangible property.

-very strict compliance requirements, especially for Charitable Donations – own set of requirements

- appraiser and appraisal must follow the USPAP guidelines

- Uniform Standards of Professional Appraisal Practice

-as set forth by The Appraisal Foundation

-a not-for-profit organization dedicated to the advancement of professional valuation, was established by the appraisal profession in the United States in 1987 and authorized by Congress as the source of appraisal standards and appraisal qualifications

Fair Market Value

(FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts. If you put a restriction on the use of property you donate, the FMV must reflect that restriction." *IRS Publication 561*

Retail Replacement Values

the highest price in terms of cash or other precisely revealed terms that would be required to replace an item with another of similar age, quality, origin, appearance, provenance, and condition, within a reasonable length of time in an appropriate and relevant market

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Auction Estimate

\$30,000 to \$50,000

vs.

Appraisal

Fair Market Value **\$40,000**

Retail Replacement Cost **\$70,000+**

True Value = Sold for \$35,000

December 2010



Working with an Auction House

Appraisals we like to do *Estate Tax *Financial or Estate Planning
*Insurance *True/Fair Market Value

Appraisals we may not do * Charitable Donation – “disinterested”
qualification - can't have sold or sell in
the future

* Retail Replacement – don't know the
retail market

* Divorce – contentious
- each side associated with an auction
house and property then sold through
neutral venue

* No potential for sales associated
Time prohibitive – pulls experts away
from immediate business which is
primary focus



No Charge

Auction Estimates – Auction or Purchase Evaluation
Estate Walkthrough – Selection For Sale/Sale Proposal – Potential Value Consultation

For a Fee

Formal Written Appraisals - \$350 per hour, \$2,800 per day + travel expenses and out-of-pocket costs. Estimated total costs and capped fees available for large collection or estate appraisals

For a Fee

Verbal Appraisal contracts for Museums/Institutions/Private Collectors/Corporate Collections – i.e. 10 per year for \$1,500 – usually for shipping/loan insurance concerns

Rebated Fees

All appraisal fees can be rebated against future seller fee's based on the amount of material sold listed on the appraisal.

NO Fees

For top clients, major estates, important collections, museums and non-profits - or with commitment to sell.

Seller's Fees

Varies in categories and on value of consignment
Usually 15% or less – no other fees. Most other houses are higher with fees per lot for insurance, photography, and marketing.

Buyer's Premium

Fine Art/Dec Arts- 25% first \$50,000 , 20% to \$1M , 12% \$1M+
- 19.5% in Comics, Historical, Sports, Movie Posters
– 15% in Coins and Currency

Important: The audio/video can be delayed due to Internet lag. To avoid missing your lot, watch the current lot information and the red bid button. You can also leave LiveProxy bids that will automatically be executed.

Hitting "F5" will refresh the software and remedy many issues. For technical assistance, please call 866-835-3243 Monday through Friday 8AM-6PM CT, or 877-994-2437 after hours.

Audio/Video



Running Slow? 75%

Next Bid: \$ 260,000
(w/BP \$310,700.00 ?)

Audible Alerts

Current Lot 72036 (36 of 219)



2010 October Dallas Signature Modern & Contemporary Art Auction #5055,

Lot Number: 72036

Status: Reserve Met

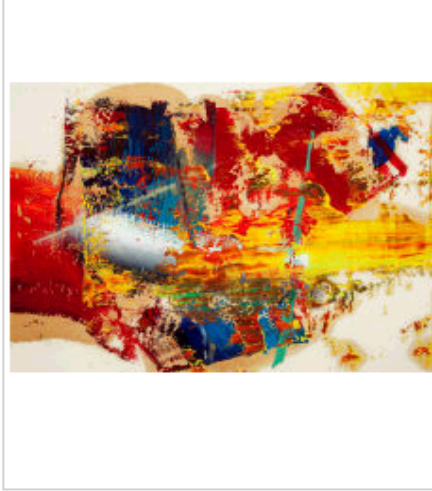
Estimate: \$70,000 - \$90,000

of Bidders: 6

Description:

GERHARD RICHTER (German, b. 1932)
Untitled, 3.3.1986 Oil on paper 23-3/4 x 33-1/4 inches (60.3 x 84.5 cm) Signed and dated upper left: 3.3.86 / Richter
PROVENANCE: Marian Goodman

Lot Image



[Set a Budget for your Heritage Live bids](#)

Auctioneer Messages

Previous Lot Result

Lot 72035: Won by Floor bidder for \$65,000 (\$77,675.00 /w BP).

Real Time Auction Information

- Bid (Internet):\$110,000
- Bid (Internet):\$120,000
- Bid (Internet):\$130,000
- Bid (Floor):\$140,000
- Bid (Floor):\$150,000
- Bid (Floor):\$160,000
- Bid (Floor):\$170,000
- Bid (Floor):\$180,000
- Bid (Floor):\$190,000
- Bid (Floor):\$200,000
- Bid (Floor):\$210,000
- Bid (Floor):\$220,000
- Bid (Floor):\$230,000
- Bid (Floor):\$240,000

Fair Warning! Lot Closing.



Disable live bidding

Cut Bid: \$ 250,000
(w/BP \$298,750.00 ?)
Available once per lot ?

Lot: 72036

Next Bid: \$ 260,000
(w/BP \$310,700.00 ?)



Track (w/audible alert) Submit **Live!** **MyBids/MyTrackedLots (0)** **Realized Prices** Bid LiveProxy! ? Jump to current lot Go to Lot: Go

Select All	Lot #	Description	Current Bid (with BP)	Min. Bid (with BP)	Your Bid (with BP)	Bid Protection ?	# Bidders	Status
<input type="checkbox"/>	72032	ROBERT MOTHERWELL (American, 1915-1991), Spontaneity No. 4, 1966....	\$29,000 (\$34,655.00)	\$30,000 (\$35,850.00)	\$ <input type="text"/>	<input type="checkbox"/>	0	Sold
<input type="checkbox"/>	72033	HELEN FRANKENTHALER (American, b. 1928), The Highway, 1957, Oil...	\$17,500 (\$20,912.50)	\$18,000 (\$21,510.00)	\$ <input type="text"/>	<input type="checkbox"/>	0	Sold
<input type="checkbox"/>	72034	SALVADOR DALI (Spanish, 1904-1989), Christ on the Cross, 1961....	\$15,000 (\$17,925.00)	\$16,000 (\$19,120.00)	\$ <input type="text"/>	<input type="checkbox"/>	1	Sold
<input type="checkbox"/>	72035	HELEN FRANKENTHALER (American, 1928-), Santa Fe II, 1986, Mixed...	\$22,000 (\$26,290.00)	\$24,000 (\$28,680.00)	\$ <input type="text"/>	<input type="checkbox"/>	2	Sold
<input type="checkbox"/>	72036	GERHARD RICHTER (German, b. 1932), Untitled, 3.3.1986, Oil on...	\$130,000 (\$155,350.00)	\$140,000 (\$167,300.00)	\$ <input type="text"/>	<input type="checkbox"/>	6	

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