

CHAPTER VI

AUCTION SALES

Definition and kinds of auction sales.—An auction sale is a public sale to any person bidding the highest price, upon terms and conditions previously announced. The sale described in the previous chapter was negotiated privately, a definite purchaser appearing with whom the seller dealt directly, knowing with whom he was doing business. An auction sale on the other hand is public and any person may become the purchaser. The owner does not even know, until the bidding takes place, what price he will receive for his property.

Usually the seller can realize more for his property at private sale. However he may be compelled to sell at auction, either because the law requires the sale of his property publicly, or because private purchasers do not appear or he thinks a public sale would bring a larger price. In the large cities there are customary auction rooms and licensed auctioneers whose time and energy is devoted to auction sales. In the country districts the sale is usually had at some gathering place, as the post office, railway station, town hall or on the property.

Auction sales are of two kinds—*voluntary and involuntary*, each differing very materially from the other.

Involuntary auction sales.—The involuntary auction sale is brought about as the result of the enforcement of some lien upon the property. A lien, it will be recalled, entitles the holder in the event of non-payment to satisfy it from the property. The lien may have originated in a voluntary act of the owner, e.g. borrowing on mortgage, but the lien once coming into being its enforcement may be secured entirely without the owner's volition. The owner having defaulted in payment, the law gives the lienor the right to have the property sold. From the proceeds of the sale, the amount of the lien and interest and all expenses are paid, and the balance belongs to the owner. A public auction sale, in theory of law, will bring the greatest price, hence all sales to enforce liens must be of that kind. The sale follows a legal action in which the lienor's right has been established.

