The Comparative Analysis of Institutional Economics and Law on the Legal Auction House

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Abstract

This paper aims to analyze the explanation and empirical proofs of legal auction house in the auction theory of institutional economics. Most legal auction houses are regarded as the bad asset by financial institute, they can be acquired through several methods, one can negotiate with the asset bank for the property and acquired the house from the auction court; or one can purchase the house property and acquire it through court auction; one can acquire the land after negotiating with the asset bank, or one can directly go to the court auction to acquire the target. However, there exist considerable difference between the legal auction houses and ordinary real estates because the “high risk” mechanism works with higher entrance restrictions and barriers. Investors should not only gain the basic real estate knowledge but the professional and empirical law comprehension, which refer the key point in making the investment. In addition, whether “court eviction order” or not is also an important factor for investors to take into consideration to determine the final price.

Keyword: legal auction house, institutional economic auction theory, court