

Test your real estate knowledge take 2 – this time it's personal



After the success of my [real estate quiz](#) last month, the next quiz to test your real estate knowledge has arrived.

Real estate assets stand out from the crowd, especially from a lawyer's perspective, because they are, in England and Wales, subject to a raft of specific legislation and case law that just doesn't affect other asset classes.

Have a go at answering the questions, and answers are at the bottom to check if you are right.

Question 1

You're the in-house lawyer for a hospitality business which owns a number of properties (bars, hotels, clubs etc.), some freehold and some leasehold. For operational reasons the business is structured such that an "off the shelf" operating company (OpCo) holds all of the leasehold properties as tenant and, as a requirement of each third party landlord, its parent company has entered into each lease as guarantor. This structure has been in place for a few years, but owing to a group reorganisation that now needs to take place it has been decided that the third party leases held by OpCo will just be held by its parent company going forward. The group's Finance Director (FD) has asked you to draw up the real estate documents to assign those leases from OpCo to the parent company and to obtain landlords' consents to the assignment, which is required by 90% of the leases. The OpCo will then be dissolved. The project has been ongoing for a while, but the FD has not involved you until now.

What do you do next ?



- a) Just draft the assignment documents and seek landlords' consents ASAP. The hard financial deadline is a month away and the FD is already chasing you and you want that promotion in the next round. It's just an internal reorganisation so the landlords should not be concerned with a bit of paperwork and the group will pay all of the landlords' costs.
- b) Go faster. In fact the landlords will want to bite your hand off to get this done as it improves their position with the parent company as direct tenant in place of the OpCo which in itself was not worth much.
- c) Tell the FD it's a bad plan (and risk jeopardising the reorganisation which is already well down the line in terms of actions and costs).

Question 2

You're buying a house that you have been saving up for for a while and which has just come on the market. It's not your first house purchase so you know the ropes – dealing with the agents, the lawyers etc. Having got to this stage i.e. saved sufficient funds, agreed a price on the purchase, arranged a mortgage and luckily having also managed to agree a sale on your existing home, you just need to get it done. However, what with moving costs, tax to pay (stamp duty land tax), agents' fees and renovation works that need doing when you move into the new place there's not a lot left in the budget for legal fees. Not to worry, residential conveyancing can be got relatively cheaply these days if you shop around and you find a lawyer for a fee that's even less than the amount you had parked for legal fees. What's not to like? The firm looks OK from its website. You can't get through on the phone to discuss, but they're probably busy given these rates and you can talk to them later.

- a) You'll just fill in the website form to hire them ASAP.
- b) You'll check if they have any reviews on the web before you go with them.
- c) You're tempted, but you'll just try to get them on the phone first to sound them out and will check them on The Law Society / SRA website too.

Question 3

Same facts as question 2. You decided to shop around a bit and so didn't hire the first firm you found, but instead another one that cost just a bit more and which you checked out with The Law Society and the SRA. The online reviews were mixed, but the other firms you found started to get quite a bit out of budget. You're 2 weeks down the line and according to the agents things are going well so far on both the sale and new purchase. You haven't spoken to anyone at the firm yet, but they've emailed various forms to you which you have filled in and sent back. You weren't too sure about some of the answers required on the sale side, but you mentioned those ones in your email and asked them to call you to discuss those before they are sent back to your buyer. No call back yet, but you have received a further email saying the sale is going well and attaching a draft contract for signature with a brief explanation. You're unsure of some points, have tried calling and can't get through and don't seem to have all the paperwork – for instance what are the "standard conditions" mentioned in the contract? Do they mean the firm's standard terms of business they sent at the outset?

- a) Your buyer is getting jittery and may pull out if you do not exchange soon on the sale of your existing home, but you want to speak to the lawyer first to clear off your queries. The sale will have to wait even though you might lose this buyer.
- b) Having googled it you are confident that you understand the explanation given with the contract and that it



meets your needs. You'll just sign and return the draft contract as you want this done now. The firm is insured after all.

c) It's all fine, the lawyers are professionals and would call if there was any issue. You'll just sign and return the draft contract as you want this done now. The firm is insured after all.

Question 4

You rent a small unit on an industrial park for your business. There's nothing in writing – you just pay the agreed rent each month on demand. This has been the case since you moved in 3 years ago, but the landlord is now saying she wants to review the rent and has been advised that she must put your occupation in writing going forward i.e. put a written lease in place. That's fine with you. A written lease is drawn up and provided for your approval. To keep matters simple it is agreed that the parties will deal direct with the lease themselves without involving lawyers – after all you've been in occupation for 3 years already so you know the property and there's no rush. You agree with the landlord that to keep the arrangement flexible it will run from year to year. As the draft lease provided was drawn for an initial one year period, you agree with the landlord a simple addition to the end of the lease saying that "If the Tenant so wishes at the end of the term it may serve notice on the Landlord to renew this lease on the same terms." Job done.

a) Great! When can I sign?

b) Hang on, is there something else going on here?

c) Being cautious, I checked with a lawyer friend (but I think she acts mainly if not exclusively on criminal cases) who had a look at the lease just to check it does what it says. As she was satisfied the deed was clearly worded on the face of it, I am happy to sign it.

Question 5

It is lawful to herd goats over Tower Bridge, London.

a) Yes it is.

b) Oh no it isn't. It's cattle that can be herded and only over London Bridge.

c) Whatever it is, HRH The Prince of Wales sponsors this event.



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