

25 January 2022
Level 3
RESIDENTIAL AND COMMERCIAL LEASEHOLD CONVEYANCING
Subject Code L3-19

THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

UNIT 19 – RESIDENTIAL AND COMMERCIAL LEASEHOLD CONVEYANCING

Time allowed: 1 hour and 30 minutes plus 15 minutes' reading time

Instructions to Candidates

- You have been provided with a clean copy of the case study materials for you to use in this examination.
- You have **FIFTEEN** minutes to read through this question paper and the case study materials before the start of the examination.
- **It is strongly recommended that you use the reading time to read this question paper fully.** However, you may make notes on this question paper or in your answer booklet during this time, if you wish.
- **All questions are compulsory. You must answer ALL the questions.**
- Write in full sentences – a yes or no answer will earn no marks.
- Candidates must comply with the CILEx Examination Regulations.
- Full reasoning must be shown in answers. Statutory authorities, decided cases and examples should be used where appropriate.

Information for Candidates

- The mark allocation for each question and part-question is given and you are advised to take this into account in planning your work.
- Write in blue or black ink or ballpoint pen.
- Attention should be paid to clear, neat handwriting and tidy alterations.
- Complete all rough work in your answer booklet. Cross through any work you do not want marked.

Do not turn over this page until instructed by the Invigilator.

Question 1

Reference: Question relates to **Document 1** of the case study materials.

In relation to the Newhall site

Jessica Raven recently attended a sales event for the Newhall site. One of the presenters referred to the option of selling the flats by adopting the commonhold system of ownership. Jessica has made an appointment with Alan Waring to discuss this further. Alan has asked you to investigate this form of land ownership.

- (a) State the advantages of the commonhold system over the traditional leasehold system of ownership.

(4 marks)

Jessica has now confirmed that she has agreed to buy Flat 12 on the site. The sale will be of a traditional leasehold estate. Having obtained the initial instructions on the purchase, you are writing a letter to Jessica.

- (b) Explain the purpose of this letter and state **two** examples of the information likely to be contained in the letter.

(3 marks)

Jessica has asked you whether an arrangement could be put in place where Kempstons represents both herself and the seller of the flat. Jessica thinks this would be a good idea, which would save time and costs.

- (c) Explain whether you can represent both seller and buyer in this conveyancing transaction.

(9 marks)

(Total: 16 marks)

Question 2

Reference: Question relates to **Document 2** of the case study materials.

In relation to Flat 18, Hendon Court, Dayton, Hartshire, AT32 5TR

Alan Waring has asked you to check the file, as this matter is now approaching exchange of contracts.

(a) Identify **seven** checks that Alan Waring should consider carrying out before exchange of contracts in this transaction.

(7 marks)

(b) Identify the **three** conditions required for the creation of a valid contract for the sale of Flat 18, Hendon Court.

(3 marks)

Contracts have now been successfully exchanged and you are preparing for completion. Alan Waring has asked you to carry out the necessary pre-completion searches.

(c) Identify **three** pre-completion searches that you would carry out in this transaction. Explain the purpose of each search and the information that each search would reveal.

(9 marks)

(Total: 19 marks)

Turn over

Question 3

Reference: Question relates to **Document 3** of the case study materials.

In relation to the purchase of 145 Broadway, Dayton, Hartshire, AT32 7KS

John and Mary are going to purchase 145 Broadway as co-owners.

- (a) Explain which type of beneficial co-ownership you would advise them to choose in this case and give reasons for your advice.

(7 marks)

You have been asked to review the draft contract which the seller's lawyer has submitted. The title guarantee in the contract form is shown as 'Full' but you recall that Standard Conditions of Sale (Fifth Edition – 2018 Revision) 4.6.3 provides for the modification of the covenants for title in the transfer.

- (b) (i) Explain why, in the context of a sale of an existing leasehold property, the seller's lawyer would want this modification to apply.

(4 marks)

- (ii) State why the seller's lawyer might prefer to deal with this issue by the insertion of a special condition in the contract for sale.

(1 mark)

Contracts have been approved and you are now considering the final checks before exchange on the purchase.

- (c) Explain how the issue of property insurance for 145 Broadway will be dealt with from exchange of contracts onwards.

[NOTE TO CANDIDATES: Assume that the Standard Conditions of Sale have not been amended in any way that would affect your answer.]

(7 marks)

Exchange was successful and the transaction has also been completed. The transaction now requires registration at the Land Registry. You are preparing the registration application for Alan Waring.

- (d) List the documents that must accompany the Form AP1 application.

(4 marks)

(Total: 23 marks)

Question 4

Reference: Question relates to **Document 4** of the case study materials.

In relation to Unit 6, Gressington Retail Park, Longbury, Hartshire, LO5 8HX

Isobel has contacted you and told you that the tenant of Unit 6 may want to change the use of that Unit. Isobel would be prepared to consider a change of use, but would want to be financially compensated for such a change.

(a) Describe the type of covenant found at clause 11.1 in the lease. **(3 marks)**

(b) Explain whether Isobel would be entitled to charge a premium for her consent to a change of permitted use. **(2 marks)**

Isobel is aware that the rent review date is due shortly on the lease of Unit 6. She has made an appointment to see you, to discuss how this will operate.

(c) Explain:
(i) the type of rent review found at clause 14 in the lease and the purpose of this; **(4 marks)**

(ii) the advantages of this type of rent review for Isobel. **(3 marks)**

(Total: 12 marks)

End of Examination Paper