



Legal Aspects Relating to Residential Letting & Management (LARLM)

Sample Questions

propertymark
QUALIFICATIONS

LEGAL ASPECTS RELATING TO RESIDENTIAL LETTING & MANAGEMENT (LARLM) SAMPLE QUESTIONS

In studying this unit, the student will learn about the general legal concepts surrounding the letting and management of residential property and this will be contextualized to cover some of the specific issues that might arise.

Questions, and answers where provided, are correct as at time of publishing.

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CONTENTS

Assessment information.	3	SCENARIO 4	10
SCENARIO 1.	4	Question 1	10
Question 1	4	Question 2	11
Question 2	5	SCENARIO 5	12
SCENARIO 2.	6	Question 1	12
Question 1	6	Question 2	13
Question 2	7		
SCENARIO 3.	8		
Question 1	8		
Question 2	9		



ASSESSMENT INFORMATION

Assessment Method	Short essay style exams 2 hours
Availability of assessment	Set times of the year as identified within the qualification page on the Propertymark Qualifications website

Examinations are manually marked by an examiner and moderated by an experienced and qualified moderator.

The pass mark for each unit is **45%**.

The successful achievement of all units will result in either a final certificate showing a Pass or Distinction Grade.

In order to obtain an overall grade of Distinction, you need to achieve an **overall average mark of 70% across all examinations**.

SCENARIO 1

Last week, Tom signed an agreement for a new tenancy of a two bedroom flat. The agreement was signed in his parents' home and the letting agent took the paperwork away to draw up a formal tenancy. The agent has just emailed Tom a copy of the agreement and he has noticed the following clauses:

The rent shall be £650 (six hundred and fifty pounds) per calendar month, or any part thereof, payable in cash, at the agent's office, on the first Monday of each month, except for when that Monday is a Bank Holiday when rent will be due to be paid on the Friday immediately preceding the usual rental date.

In the event of any rental payment being outstanding for more than ten working days, Bank Holidays being classed as a normal working day for the purposes of this clause, the landlord shall be entitled to charge additional rent at the rate of 5%, plus all costs associated with the collection of the arrears.

No deposit at the start of the tenancy is required, but at the end of the tenancy the landlord will arrange for the property to be thoroughly cleaned and redecorated as considered necessary and the tenant shall pay the cost of the work within 10 working days of receipt of the bill.

Any rights to 'set-off' or deduction are hereby excluded.

In the event of any dispute the matter will be referred to arbitration.

Question 1

Advise Tom as to whether it is now too late for him to back out of the agreement and if it is or he decides to go ahead anyway, what type of tenancy he is entering into?

SCENARIO 1 (CONTD.)

Question 2

If Tom goes ahead with the tenancy, would all terms in the lease be binding on him? If not, why?

SCENARIO 2

Ann runs her own lettings and management company as a sole principal. She does not believe in paperwork and prefers a more informal personal approach. She makes an oral agreement with Christine, under which she agrees to find a tenant for Christine's house and manage the letting while Christine is working away on a fixed term employment contract. The terms agreed are:

- A fee of £350 for finding a suitable tenant
- An advertising budget of £250
- An additional fee of 7% of the annual rental income for managing the letting
- Authority to spend up to £750, without the need to contact Christine, for any repairs, redecoration, or cleaning

An old friend of Ann's carries out routine maintenance, repair, and gardening work to all the properties she manages. He also does work for her personally, e.g., maintenance and repairs to her own house and office. He does not charge for this private work because of the regular repeat business he gets looking after Ann's clients' properties.

The local property paper is edited by Ann's brother and she receives a discount on the cost of advertising, but she charges her client's the full cost.

Question 1

Comment on the validity of this agreement and whether or not it provides all of the information Ann should have given to Christine.

SCENARIO 2 (CONTD.)

Question 2

Explain the law regarding Ann's business practices regarding maintenance and repair and advertising.

SCENARIO 3

Fawlty Towers is a purpose-built block of flats. Basil, who is planning to buy one of the flats, would like to carry out several alterations, including the removal of internal walls to make a larger open plan living space and the installation of more effective modern double-glazing and heating systems. On completion of this work, he intends to rent it out to supplement his pension. He does not have a very large deposit and was hoping to get an ordinary home buyers' mortgage from a local building society. He has asked Manuel, the agent for advice.

Question 1

Explain what advice Manuel should give regarding the funding of the purchase and the proposed alterations and sub-letting.

SCENARIO 3 (CONTD.)

Question 2

Assuming Basil carries out the alterations and sub-lets without permission, what remedies, if any, would the freehold landlord and the mortgagee have?

SCENARIO 4

Dev, a letting agent, arranges to meet a new tenant at a furnished property to carry out the initial check-in. The house belongs to a new client who inherited the property from his late mother and has decided to let it out to supplement his pension. The current proposed letting was agreed by one of Dev's colleagues who is currently away on holiday. The mattresses and furniture are in reasonable condition but of a style from the early 1990s. He also notices what appears to be a new kettle and toaster in boxes on the work surface in the kitchen. Both boxes are in a foreign language that Dev does not immediately recognise. Dev decides to delay the check-in and arranges for the tenants to meet him at his office the next day. No references have been taken up on the tenants.

Question 1

What must Dev do before the letting of the house can go ahead?

SCENARIO 4 (CONTD.)

Question 2

What would the possible consequences have been if Dev's young colleague had not been on holiday and had dealt with the check-in, allowing the tenants to move into the house?

SCENARIO 5

Letem Avit and Co., a lettings and management company, are advertising a small, terraced house to let on an AST. The lettings particulars clearly state that the premises have recently been completed refurbished and redecorated throughout. This information was given to the agents by the owner of the property, Mr Smith. In fact, the only work Mr Smith had arranged to be done was for the walls in the back living room to be papered, covering extensive cracking and damp to the plaster, and a coat of paint was applied to a rotten window frame in the front bedroom. The paint was so thick it also concealed a gap between the frame and the wall. Letem Avit and Co. receive a number of applications for the tenancy, including one from a family from Romania, a group of three students joining the local university and a young newly married couple. The applications from the Romanian family and the students are placed on file and references are taken up on the young couple, who eventually sign a tenancy agreement for six months. The Romanian family and the students have complained that their applications were not taken seriously, and the young couple have now discovered defects in the property and are saying they would not have signed the agreement at the level of rent agreed had they had known about them.

Question 1

What action, if any, can the Romanian family and the students take against Letem Avit and Co. and what defence, if any, would the company have?

SCENARIO 5 (CONTD.)

Question 2

What action, in contract law, might the young couple be able to bring to Letem Avit and Co. and what possible remedies are available?