INSTRUCTIONS TO CANDIDATES

1. This examination paper contains TWO (2) questions and comprises THREE (3) printed pages inclusive of this cover page.

2. Answer BOTH questions.

3. Where a question is divided into parts, candidates must answer ALL parts of the question. The division of marks between the parts is at the examiners’ discretion.

4. This is an OPEN BOOK examination.
ANSWER ALL QUESTIONS

QUESTION ONE

Tan, a bachelor, was recently relocated by his company to head its branch office in China. He left the duplicate certificate of title to 18 Jalan Sinai, a single-storey bungalow of which he is the registered proprietor, with Leo, his nephew, for safe-keeping.

Leo was facing financial difficulties in his business which Tan was not aware of. Leo forged Tan’s signature on an instrument of transfer and sold the landed property at 18 Jalan Sinai to Tom at a discounted price. Leo had falsely represented to Tom that he (Leo) was acting as the agent of Tan in the transaction. Leo did not, at any time, register the said property in his name and had sold the property straight to Tom who is now the registered proprietor. Leo had instructed Tom to pay the purchase price of $2 million into Leo’s business account which Tom did.

Tom has financed the purchase of 18 Jalan Sinai with a loan from Buaya Finance Company. As security for the loan, the property was mortgaged to Buaya Finance Company. The mortgage was registered. Tom has not gone into possession of the property yet as he would like to undertake renovation work before doing so. The uncertain economic outlook has hit Tom’s business badly and he has now defaulted in three instalments for the past several months.

Buaya Finance Company has taken steps to sell the property. It approached Cheap Rentals Ltd, with which it has been doing business for the last five years, to purchase the property. The advertisement merely stated “18 Jalan Sinai a prime property with good investment potentials” and appeared once in an English newspaper. The sale has yet to be completed.

(a) Both Tan and Tom have approached you for advice. Advise Tan and Tom.

(b) Would your advice differ if Buaya Finance Company had instead sold the property to a purchaser in good faith and for valuable consideration and who is now the registered proprietor thereof?
QUESTION TWO

John, the registered proprietor of a two-storey corner terrace house, granted a ten-year lease to Wong to use the premises for residential purposes. The rent payable was $8,000 per month and there was an option to renew for another five years upon the expiry of the initial ten-year lease. The lease was registered.

A covenant in the lease prohibited Wong from assigning or subletting the premises without the prior written approval of John. Another covenant prohibited the use of the premises for carrying on a trade or business, again without John’s approval. The lease was silent as to John’s right of forfeiture for breach of the covenants.

Without John’s approval, Wong sublet the premises to Mary who used the premises as a childcare centre which proved popular in the course of time. There was a long waiting list for enrolment at the childcare centre.

John, who was away for business for the past few months, came to know of the breaches of the covenants only upon his return to Singapore. He was furious that Wong did not obtain his approval as stipulated in the terms of the lease.

John has now come to you to seek your advice as to his remedies.

(a) Advise John.

(b) Would you advice differ if, instead of subletting, Wong has assigned, again without John’s approval, the premises to Mary who used the premises for other business purposes? The assignment was registered.

- End of Paper -