

# Central Association of Agricultural Valuers

## Northern Group Practical Examination

Wednesday 11<sup>th</sup> November 2020

Afternoon Paper

2.00pm – 4.30pm

### **PRACTICAL WRITTEN**

#### **Important Notes**

1. Answer 4 out of 5 questions on the paper provided.
2. **All questions carry equal marks: 15 each**
3. Write your candidate number only (not your name) in the top right-hand corner of each page.
4. Start each answer on a separate sheet and place your answers in numerical order.
5. Write on one side of the paper only and leave a margin at the left-hand side.
6. Questions are related to the farm inspected this morning and are individually framed so as to minimise the need to make assumptions. Please state clearly any assumptions you do make and the reason for them.
7. Presentation and clarity of your answers is important.
8. All candidates must answer the questions on the basis of English conditions/law.

***YOU NEED TO READ BOTH PAPERS AT THE COMMENCEMENT OF THE EXAMINATION, MAKE WHATEVER NOTES YOU NEED TO ASSIST YOUR ANSWERS FOR THE AFTERNOON PAPER DURING THE MORNING.***

### QUESTION 1

Your client is the owner of Cedar Tree Farmhouse (shown edged blue on Plan 2) which is currently let on an Assured Shorthold Tenancy Agreement which commenced on 1<sup>st</sup> October 2019. Recently relations between your client and the tenant have not been amicable and some rental payments have been missed. Your Client has asked for a meeting with you to discuss this, in readiness for the meeting you are to prepare:

- a) A summary in note form as to the process to follow to terminate the tenancy agreement and any issues that could arise. (5 marks)
- b) A summary note as to how the property could be relet once vacant possession is obtained, including the following: (10 marks)
  - I. The type of tenancy agreement, term and rental value
  - II. Key headings to be included in the lettings particulars
  - III. The procedure to follow once a prospective Tenant has been found

### QUESTION 2

Your client is the owner occupier of Cedar Tree Farm and would like to erect a new livestock building. She has identified building 6 on Plan 2 as a potential building that could be demolished to make way for a new cattle specific building.

- a) Briefly describe the construction and condition of building 6. (3 marks)
- b) Why do you think she may have identified this area as a potential site for a new cattle building? (1 mark)
- c) What practical implications should your client consider when looking to demolish and rebuild? (3 marks)
- d) Briefly describe what you would envisage the new building looking like, its orientation, materials you would recommend it be built from and anything else you feel pertinent to the design. (4 marks)
- e) Based on your answer to part (d) how much would you advise your client budgets (please give your answer as £ per m<sup>2</sup>). (1 mark)
- f) What other considerations would you like to discuss with your client before undertaking this project? (3 marks)

### QUESTION 3

Your client, the owner of Cedar Tree Farm, has been approached by a mobile telecommunications company who wishes to install a mobile telephone mast in the area to improve their network coverage. They have identified a potential site in field 4695 adjacent to building 5 on Plan 2 and wish to attend the property to carry out appropriate surveys. Your client is unsure about giving the company access to the farm, but understands that there is a Code under which they operate. He has asked to meet with you to provide some guidance advice on the following queries:

In advance on the meeting, prepare brief notes covering the following:

(a) Briefly explain the purpose of the Telecommunications Code 2017? **(2 marks)**

(b) If your client refuses entry for the surveys, can the company still gain access and what is the procedure for this? **(3 marks)**

Following the survey the site at Cedar Farm is selected as the preferred installation site. Your client instructs you to negotiate the Heads of Terms.

(c) In bullet point form, provide the headings you would expect to see in the Heads of Terms **(8 marks)**

(d) If the parties cannot agree on the rent payable, on what basis is the rent determined under the Code **(2 marks)**

#### QUESTION 4

Your client is the owner of Cedar Tree Farm. However, Fields 5185, 4466 and 1643 (shown hatched blue on Plan 1) were let to his cousin by their paternal Grandmother over 40 years ago. The circumstances of the letting have never sat comfortably with your client, causing a rift between him and his cousin. The rent was last settled by arbitration in 2018 at £4,400 per annum, there is no written tenancy agreement.

All the land between Mill Lane and York Road has for many years been designated in the York City Local Plan as "Land Safeguarded for Future Development Beyond the Plan Period". The remainder of the farm is Green Belt.

Your client has always dismissed the idea that the safeguarded land will come forward for development during his lifetime. However, he has recently been approached by a developer, stating that the York City Local Plan is shortly to be reviewed, and the Council anticipate that to meet projected housing numbers, deliverable safeguarded sites will need to be released for residential development. The developer is therefore interested in acquiring an option over Field 5185 and 4466 alongside the other land in this safeguard area. (between Mill Land and York Road)

Your client is interested in the developer's approach, but has subsequently been told by a friend that he would be better looking for a promotion agreement rather than an option.

Prepare notes ahead of a meeting with your client outlining:

- a. How option and promotion agreements function respectively **(2 marks)**
- b. The commonly perceived strengths and weaknesses of both option and promotion agreements **(4 marks)**
- c. Heads of Terms which you consider it may be feasible to agree with the interested developer for an option over the land **(5 marks)**
- d. The position in respect of the cousin's tenancy, and any legal or practical considerations this could create in respect of the future promotion and development of this land **(3 marks)**
- e. Any other matters which you believe it may be advantageous to consider in anticipation of or entering into an option agreement with the developer **(1 mark)**

**(Total 15 marks)**

### **QUESTION 5**

You are instructed by a High Street Bank to undertake a valuation of the tenanted Cedar Tree Farm for secured lending purposes. The valuation is required to aid the Bank's review of their customers prevailing loan facilities.

- a) Outline the basic procedures you would undertake to check if there is a conflict of interest? **(2 marks)**
- b) Can you accept the valuation instruction if the owner of the farm is an occasional client of your firm, in relation to providing management consultancy? **(3 marks)**
- d) Prepare bullet point notes on the outline of your report to the Bank, setting out under appropriate headings the contents, any assumptions and information you need to obtain. **(8 marks)**
- e) Define Market Value as per the Red Book. How would this differ if you were undertaking the report for probate purposes? **(2 mark)**

**(Total 15 marks)**