



A meeting of the solicitors acting for Lending Institutions in Dublin has considered the effect of Section 2 of the Landlord and Tenant (Ground Rents) (No. 1) Bill 1977, having regard to the practice of leases of dwellinghouses on building estates being executed by all parties well in advance of the completion of the houses, and being held in escrow by the lessor's solicitors, usually to enable stamp duty on the lease to be assessed and impressed prior to completion.

It was the unanimous view of the solicitors present that such a lease even though dated prior to the date of coming into force of the Act would be void under the Act if it were held in escrow at the date of the passing of the Act and then delivered to the purchasers afterwards. The meeting further considered the difficulties which would face a Lending Institution's solicitor presented, shortly after the passing of the Act, with a lease dated prior to the date of passing of the Act, of deciding whether such a lease were void because it had been held in escrow or valid because it had been delivered prior to the passing of the Act. The view of the meeting was that a Lending Institution solicitor could not undertake the burden of making such a decision.

The meeting noted that the provisions of Section 2, Sub-section (4) of the Bill which protected the position of a purchaser of a leasehold interest deemed void under Section 2, Sub-section (1), did not extend to a mortgagee and accordingly agreed that the solicitors acting for Lending Institutions would not be able to accept leases of dwellinghouses after the date of coming into force of the Act even though the leases might have been dated prior to the passing of the Act. Following this meeting the Society made representations to the Department of Justice asking for amendments to be made to the Bill to protect the interests of purchasers under such leases but it is not anticipated that the required amendments will in fact be made in the Act.

Accordingly, solicitors acting for vendors or purchasers of new dwellinghouses or those in course of construction which it was intended should be let on leases should immediately make arrangements to avoid the use of such leases which will not be acceptable to Lending Institution solicitors after the passing of the Act.

LEASES OF DWELLINGHOUSES 1978 (No.1) ACT