

ATTENTION ALL LANDOWNERS!!

Are you ever contacted by developers or land agents who are interested in your land for future development?

If so, then they may have talked to you about entering into a conditional contract or an option agreement. This can be daunting and overwhelming when you do not know what it all means or what the different implications are from one agreement to the next.

Also, the prospect of having your land tied in an agreement with a developer or land agent can be off-putting.

At Miller Parris, we can advise you of the various issues you need to consider so that the potential sale of the land can work to your advantage and not just that of the developer.

Here are just a few things to consider...

Conditional Contract

An example of a conditional contract is where the developer agrees to buy your land if the developer obtains planning permission to develop the land. If the required planning permission is received, then the developer must proceed to buy the land from you. There are different types of conditions that can be included in a conditional contract and you need specialist advice to be able to fully appreciate their implications and how it may affect you.

Option Agreement

Unlike a conditional contract where the developer must buy your land if it obtains the required planning permission, if you enter into an option agreement then the developer will have discretion as to whether to buy the land.

Option agreements and conditional contracts can come in all guises and you need specialist advice.

Payments

If you are going to tie up your land in an agreement with the developer for what could be a few years, then it only seems fair that you receive some kind of payment for this. Such payment could be by way of a non-refundable deposit paid on entering into the conditional contract or a non-refundable option fee which is paid to you when you enter into the option agreement.

Further, you could ask the developer or land agent to pay you an additional amount of money to represent a share in the profit that the developer or agent will make from the development. This is sometimes called an "overage payment". These payments are often the subject of disputes because the parties have not fully understood how the profit will be calculated and because developers try their best to include provisions in agreements that seek to devalue the land so that the developer pays less money to the landowner. Accordingly, you need specialist advice.

At Miller Parris, our dedicated and friendly team can provide you with the specialist legal advice you need to help you decide how best to structure a deal that is going to be in your best interests.

We also offer a wide range of services to landowners, both large and small and not just in relation to property matters.

Do not put off getting legal advice.

If you have a matter that you wish to discuss, please contact Vicky Dance in our Commercial Business Team.

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