

AUSTRALIAN CAPITAL TERRITORY

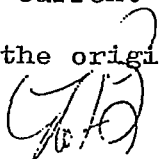
CITY AREA LEASES ORDINANCE (NO. 2) 1974

EXPLANATORY MEMORANDUM

The proposed City Area Leases Ordinance (No. 2) 1974 will amend the City Area Leases Ordinance 1936-1974 to the effect that where a person (other than the lessee) has with the consent of the lessee entered into a contract with a person (the purchaser) for the assignment of the lease of a parcel of land then, upon payment by the purchaser to the lessee of the moneys which were payable under the contract, the lessee is to assign the lease to the purchaser.

If the lessee fails to assign the lease, the purchaser is to be able to apply to the Supreme Court for an order directing the assignment.

The proposed amendments, which will apply whether the contract was entered into before or after the date of their commencement, are intended to remedy the situation where a builder, who has entered into a building contract with a person, is unable to pass title because the lessee (usually a finance company) will not release title until the builder has repaid moneys borrowed from the lessee. There is no way in which the purchaser can force the builder to discharge his liabilities to the lessee. The usual outcome is that the lessee (finance company) sells the land to somebody other than the original purchaser at its current market value (which is normally considerably in excess of the original contract price).


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Minister's Initials