



40. LEASE OF IMMOVABLE PROPERTY

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1. While transfer of property to lessee under lease, the lessor is not required to pay capital gains
a) False b) True c) May or may not d) Not relevant
2. If both land and building are given on lease, it is called occupational lease.
a) False b) True c) May or may not d) Not relevant
3. A leased property is normally valued by income approach.
a) False b) True c) May or may not d) Not relevant
4. Capital value is net income multiplied by years purchase.
a) False b) True c) May or may not d) Not relevant
5. 99 years lease with renewal clause is called a perpetual lease.
a) False b) True c) May or may not d) Not relevant
6. Lease for life is not common in India.
a) False b) True c) May or may not d) Not relevant
7. Net profit rent for lessee = Rack rent minus ground rent minus outgoings.
a) False b) True c) May or may not d) Not relevant
8. The rights of lessor / lessee depends upon the conditions stipulated in the lease deed.
a) False b) True c) May or may not d) Not relevant

9. Even in a perpetual lease, the lessee's right will be low, if the unexpired period is less.
- a) False b) True c) May or may not d) Not relevant
10. The handing over of open land back to the lessor is called Reversion.
- a) False b) True c) May or may not d) Not relevant
11. A property is a bundle of rights.
- a) False b) True c) May or may not d) Not relevant
12. The word "covenant" indicates the terms and conditions stipulated in any deed.
- a) False b) True c) May or may not d) Not relevant
13. A man cannot grant a lease to himself.
- a) False b) True c) May or may not d) Not relevant
14. Perusal of lease deed is the first duty of a valuer if he wants to value a leasehold property.
- a) False b) True c) May or may not d) Not relevant
15. A "deposit" is the amount which is returnable on fulfillment of certain conditions.
- a) False b) True c) May or may not d) Not relevant
16. The amount of Re. 1 per annum is the reciprocal of the sinking fund.
- a) False b) True c) May or may not d) Not relevant
17. The rate of capitalisation in leasehold depends on the money market from time to time.
- a) False b) True c) May or may not d) Not relevant

18. The capital value of income can be determined from the net income and the percentage return required on investment.
- a) False b) True c) May or may not d) Not relevant
19. The rate of capitalisation for a leasehold interest in general is 1% more than the freehold interest.
- a) False b) True c) May or may not d) Not relevant
20. A token amount or a nominal rent is called as a Acknowledgement rent.
- a) False b) True c) May or may not d) Not relevant
21. If the unexpired period of lease is short, the value of lessor's share will be more.
- a) False b) True c) May or may not d) Not relevant
22. If the unexpired period of lease is very long, the value of lessee's share will be more.
- a) False b) True c) May or may not d) Not relevant
23. A leaseholder's interest in a property will normally decrease with the passage of time and ultimately extinguish with the expiry of lease.
- a) False b) True c) May or may not d) Not relevant
24. $\text{Net Rent} = \text{Gross rent} - \text{Outgoings}$.
- a) False b) True c) May or may not d) Not relevant
25. Longer period of lease enables the lessee to recover his capital invested in the improvement of the land.
- a) False b) True c) May or may not d) Not relevant
26. Ground rent is well secured when improvement is done on the land given on lease.
- a) False b) True c) May or may not d) Not relevant

27. In the case of sub - lease, if the proposed ground rent is higher than the original ground rent, then it is known as improved ground rent.
- a) False b) True c) May or may not d) Not relevant
28. Valuation procedure for a freehold property and a leasehold property with a perpetual lease is not same.
- a) False b) True c) May or may not d) Not relevant
29. The provisions or terms of lease would decide the share value of lessor and lessee.
- a) False b) True c) May or may not d) Not relevant
30. When lessor's interest is valued, single rate table is normally to be used.
- a) False b) True c) May or may not d) Not relevant
31. A lease where lessee has undertaken to carry out all the repairs and to bear all outgoings is called as "Full Repairing Lease".
- a) False b) True c) May or may not d) Not relevant
32. In the case of perpetual lease with covenant of renewal, the lessor cannot terminate the lease or refuse to renew the same as long as the lessee do not violate any terms specified in the lease agreement.
- a) False b) True c) May or may not d) Not relevant
33. Higher the rate of capitalisation, lower is the value of the asset.
- a) False b) True c) May or may not d) Not relevant
34. Lower the rate of capitalisation, higher is the value of the asset.
- a) False b) True c) May or may not d) Not relevant

35. If the document creates an interest in the property, it is a lease. But, if it only permits another person to make use of the property for a temporary period, then it is a licence.
- a) False b) True c) May or may not d) Not relevant
36. The owner of a freehold property can do anything with his property.
- a) False b) True c) May or may not d) Not relevant
37. A freehold property is the highest form of ownership.
- a) False b) True c) May or may not d) Not relevant
38. Licence and lease are not same.
- a) False b) True c) May or may not d) Not relevant
39. The leaseholds are less attractive than freeholds from the investment point of view.
- a) False b) True c) May or may not d) Not relevant
40. The sub - lease can be granted only for a period which is less than the original lease period.
- a) False b) True c) May or may not d) Not relevant
41. A rent is governed by the Rent control act. A licence is governed by the Easement act. A lease is governed by the Transfer of Property act.
- a) False b) True c) May or may not d) Not relevant
42. Schedule III can not be adopted for valuation of leasehold rights.
- a) False b) True c) May or may not d) Not relevant

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