

## Your Legal Questions

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**Q. I have some land which a builder is interested in buying for development but he doesn't want to put in a planning application unless I grant him an option to purchase the land for a period of 5 years. If I grant an option does it mean he has to buy the land if planning permission is granted?**

A. Unfortunately not. If you simply grant the right to acquire the land from you at a given time in the future, known as a "Call" option, he is under no obligation to exercise that option and if he does not do so the option will lapse at the end of the 5 year period. You cannot force him to exercise the option but your land will remain subject to it during that period. Normally, the person with the benefit of the option will register it at the Land Registry so that anyone else will have notice of it and if you decide to sell to someone else in the meantime, the buyer will take the land subject to the option.

One way to compel the builder to buy your land is to get him to grant a cross option known as a "Put" option giving you a right to call upon him to buy your land if planning permission is granted.

However, if you want certainty then a conditional contract is the best alternative. The fundamental difference between a conditional contract and an option is that a conditional contract will create a contractually binding obligation on the builder to buy your land if the condition is fulfilled i.e. if planning permission is granted.

Options and conditional contracts are complex documents and consulting a solicitor who specialises in this area of work is, in my view, essential to ensure your interests are protected.

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