

The Meaning of “the Rights of Investor” in Investment Contracts for Sub-divided Real Estates

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The purpose of this paper is to consider the meaning of “the Rights of Investor” in investment contracts for subdivided real estates.

As to such contracts, there are types of legal problems, which are argued in lawsuits in these days; 1. How to guard the interests of investor when the management of the investment is failed? Can the investors dissolve the whole contracts when a part of the contracts is defaulted?; 2. How structured of the legal relationships between the investors and the originator, or among the investors? What rights and obligations are held in each investor to the originator or other investors?; 3. how to solve the conflicts between the investors and the third parties, ex. tenants, creditors, etc. Whether the investors have to owe the joint obligations to the third parties or not?; As to these problems, the basic view-points have neither been settled in courts decisions yet, nor in theoretical works.

In this paper, I try to show the basic view-points of my own for such legal

problems of the investment for subdivided real estates;

1. As to the contracts between investors and the originator, the choices of the investors are to be respected, on condition that the informations of such investment are appropriately disclosed from the originator to the investors; and all gains and losses are to be vested in investors, because they are the results of the choices of the investors.

2. As to the conflicts between the investors and the third parties, the investment contracts should be construed as the terms expressed by the contract parties, including investors.

The standard of the judgement whether the contract is "investment" or not, and how structured the disclosure of the informations, are the subjects for further discussion.