

*These notes refer to the Commonhold and Leasehold Reform Act 2002 (c.15) which received Royal Assent on 1st May 2002*

# **COMMONHOLD AND LEASEHOLD REFORM ACT 2002**

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## **EXPLANATORY NOTES**

### **SUMMARY**

#### **Part 1 - Commonhold**

#### **Background**

#### **Brief outline of the proposed solution**

##### Conversion

12. It will be possible to convert from leasehold to commonhold but only if certain criteria are met. Details will be contained in Regulations, but it will be necessary to obtain the consent to conversion of 100% of the existing leaseholders and /or other owners of what would become units in the commonhold.
13. It is not intended that any scheme of conversion to commonhold should give rights to commercial leaseholders or rack rented commercial occupiers which would go beyond the scheme developed by the DTLR for collective leasehold enfranchisement. DTLR's scheme relating to qualifying buildings and tenants and rules relating to payments to existing landlords, where applicable, will be adopted so far as is possible, with the exception that to convert to commonhold will require 100% consents. Thus rules will be substantially the same for both types of conversion. Details will be contained in Regulations.
14. At the time of conversion all leasehold interests will cease to apply as will all terms of all leases and the units will be governed by the memorandum and articles of association and the commonhold community statement of the commonhold association.