

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

EXPLANATORY NOTES

SUMMARY

Part 1 - Commonhold

Background

Brief outline of the proposed solution

Management of a commonhold development

15. It will be possible to add to and to diminish the size of the development by the purchase or sale of common parts provided that the specified majority of the members of the commonhold association is achieved at an appropriate meeting. There will be rules to govern the distribution of capital receipts arising from such a sale.
16. The voting rights of unit-holders in the commonhold association, the size of the various types of majority required for particular purposes, the minimum requirements for the maintenance of accounts and the machinery for the setting and for the payment of the commonhold assessment, which will be substantially similar to service charges, will all be set out in the standard memorandum and articles of association or the commonhold community statement.
17. The memorandum and articles of association or the commonhold community statement will set out the procedure for dealing with disputes arising within a commonhold. These are to be dealt with initially by use of internal procedures. Should these fail to settle matters, alternative dispute resolution (ADR) will be provided for. However, it is not intended to refuse access to the courts and tribunals as necessary. The Act will make provision for the making of Regulations which will provide for this.
18. The Act will make provision for the commonhold community statement to set out the rules governing rights of entry of the commonhold association for inspection and its right to carry out works and to recover costs of such works in cases of emergency or to facilitate its obligations to maintain and repair.