

*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

### COMMENTARY ON THE SECTIONS: PART 1

#### *Commonhold unit*

#### *Section 20: Other transactions*

68. *Section 20(1)* forbids any provision of a commonhold community statement from preventing or restricting a unit-holder's exercise of his right to create, transfer or grant an interest or charge over his unit, for instance, in appropriate circumstances, granting a right of way, or borrowing on a mortgage and so charging the unit as security. *Subsection (3)* however requires that no interest, other than a lease, can be created unless the commonhold association is either a party to it or consents in writing. By *subsection (6)*, the subsection (3) requirement does not apply to the creation of charges, so the unit-holder's rights to charge the unit are restricted only so far as provided in the Act itself or in any subordinate legislation made under it. *Subsection (4)* provides that, where a commonhold association is to act under subsection (3) it must only act following approval by a 75% majority of the members voting. *Subsection (5)* renders void any agreement, however made, which is in contravention of subsection (3), so a unit-holder who purports to act where in fact there is no unanimous consent of the association members is unable to make an instrument or agreement that will have effect. *Subsection (2)* makes *subsection (1)* subject to the provisions of sections 17 and 19 about leasing. Section 20 only deals with matters that would appear on the register.