

*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

#### *Operation of commonhold*

#### *Section 38: Commonhold assessment*

89. *Section 38(1)* requires the commonhold community statement to include provision for the setting of annual budgets (*subsection (1)(a)*) to meet the expenses of the association and to enable the setting of interim budgets (*subsection (1)(b)*) in addition to the annual budget from time to time. It must also specify the percentage of the annual and other estimates which fall to be collected from the unit-holders to be allocated to each unit (*subsection (1)(c)*), ensuring that the total of those percentages shall be 100 (*subsection (2)*) and must require each unit-holder to pay the required amount, to be called the commonhold assessment, in response to a notice or notices which the association must issue (*subsection (1)(e)*). *Subsection (2)(b)* makes it possible to specify a 0% share for a unit. This is chiefly to ensure that, where a commonhold association is the unit-holder, it is not in the anomalous position of having to levy assessments on itself. It will be possible for the commonhold community statement to specify a 0% for *any* unit.