Commonhold
Guidance on the drafting of a Commonhold Community Statement including Specimen Local Rules

December 2004
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This guidance is also available on the Department for Constitutional Affairs website at www.dca.gov.uk
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Part 1 - Introduction

Scope and purpose

1. This guidance aims to provide information on the procedures for drafting and amending a Commonhold Community Statement (CCS). It contains a commentary, together with specimen provisions that might be used as local rules in a CCS. Local rules are, in essence, the parts of a CCS that are not prescribed by law. The guidance is intended to promote uniformity in the drafting of provisions for individual commonholds. Its preparation was prompted by suggestions made at working groups convened by the Department for Constitutional Affairs to consider the proposed content of the Commonhold Regulations 2004 (the Regulations). The guidance does not extend to the model memorandum and articles of association of a commonhold association.

2. The specimen provisions contained in this guidance are examples only. They are intended to illustrate the scope of the CCS and the ways in which local rules can be incorporated into the model CCS found in the Regulations. The Department does not guarantee that the specimen local rules outlined in this guidance will be suitable for a particular purpose in a particular commonhold. Persons using the specimen local rules in a CCS must consider whether the provisions are appropriate to the commonhold in question. The CCS is an important document, defining legal rights and obligations. It is recommended that professional advice is obtained when the document is being drafted or amended.

Acknowledgement

3. The specimen local rules set out in this guidance are substantially based on draft provisions kindly prepared by Trevor Aldridge QC for consideration at two workshops organised by the Department on 12 and 13 May 2004. The draft provisions were then reviewed by Mr Aldridge in the light of the comments of those who attended. We are very grateful to Mr Aldridge and to those who took part in the workshops for their time and expertise. We are also grateful to them for their generosity in allowing us to publish the specimen local rules so that they are available for general use. A list of those who attended the workshops is set out at Appendix 1.
Background

4. Commonhold is a way of owning freehold land in England and Wales. It was introduced by Part 1 of the Commonhold and Leasehold Reform Act 2002 (the Act) on 27 September 2004. A commonhold is an area of land registered at Land Registry as a freehold estate in commonhold land. It consists of individual freehold properties, known as units, and common parts. The units are owned by unit-holders and the common parts by the commonhold association, which is a company limited by guarantee.

5. Every commonhold will have its own CCS. The CCS will define the rights and duties within the commonhold of the unit-holders, their tenants and the commonhold association. So far as practicable and appropriate, every CCS should have the same content and be in the same form, irrespective of the location of the commonhold. This uniformity is intended to make it easier for those involved in commonhold to understand their rights and obligations and to obtain advice about them. It is also expected to simplify the management of commonholds and the buying and selling of commonhold units.

6. During the passage of the Commonhold and Leasehold Reform Bill through Parliament, the Department, with the help of Richard Snowden QC, prepared an indicative form of CCS and memorandum and articles of association of a commonhold association. These drafts were prepared to assist both Houses of Parliament in their consideration of the Bill. The Bill received Royal Assent in May 2002. In October 2002 the Department published the drafts as part of a Consultation Paper "Commonhold: Proposals for Commonhold Regulations". An analysis of the responses to the consultation paper was published in August 2003 under the title "Commonhold Analysis of the responses to an LCD consultation paper 'Proposals for Commonhold Regulations' issued October 2002". The drafts were revised in the light of the responses to the consultation paper and further discussions with stakeholders and experts. Ultimately, the content of the documents was settled and incorporated into the Regulations. The Regulations were made on 14 July 2004 and incorporate the model CCS at Schedule 3. To accompany the Regulations, the Department published guidance under the title Commonhold: Non Statutory Guidance on the Commonhold Regulations 2004.

Structure of this paper

7. Part 2 describes in greater detail the general rules relating to the creation and amendment of a CCS. Part 3 explains the completion of Annexes 1 to 4 of the CCS. Part 4 discusses the inclusion of development rights. Part 5 sets out
further specimen provisions that might be used to create local rules in a commonhold.

8. Appendix 1 contains a list of those who took part in the workshops at which the specimen local rules were discussed. Appendix 2 contains an example of a CCS, including some of the provisions set out in Parts 3 to 5. Appendix 3 contains extracts from the Regulations. Appendix 4 contains a list of sources for further information about commonhold.

Definitions

9. The following definitions and abbreviations are used in this paper:

'the Act' means Part 1 of the Commonhold and Leasehold Reform Act 2002;

'the Regulations' means the Commonhold Regulations 2004 (SI 2004 No 1829);

'CCS' means Commonhold Community Statement;

'model CCS' means the CCS set out in Schedule 3 to the Regulations;

'local rules' means provisions inserted into the CCS by the developer or the commonhold association that are not prescribed by the Regulations; and

'prescribed' means prescribed by the Act or the Regulations.
Part 2 - The Commonhold Community Statement

Introduction

10. This part of the paper describes the general rules relating to the creation and amendment of a CCS.

Content of the CCS

11. A CCS must comply with the Act and the Regulations. It must be in the form of the model CCS prescribed by the Regulations or a form to the same effect. The extent to which a CCS can be in a different form but 'to the same effect' is not further defined. This flexibility will avoid a CCS being ineffective because of minor variations in form. For example, although it will ultimately be for the courts to determine whether a variation is sufficiently significant to change the effect of the CCS, it is not expected that a CCS that placed the Annexes between Parts 1 and 2 would be ineffective for that reason alone.

12. A CCS must include all the provisions in the model. The model CCS is found at Schedule 3 to the Regulations and is prescribed by Regulation 15. The text of Regulation 15 is set out at Appendix 3. The purpose of every CCS will be to define the essential features of the commonhold to which it relates and the rules by which the commonhold will operate. Its terms will define:

- The extent of the units and the common parts;
- The rights enjoyed by the unit-holders over other units and the common parts;
- The proportions of the common expenditure allocated to each unit;
- The voting allocation for each member of the commonhold association;
- The rules of the commonhold, including:
  - the procedures for raising money;
  - the restrictions on use, alterations and lettings;
  - the obligations to insure, repair and maintain;
  - the procedures applicable when a unit is transferred;
- the procedures for amending the CCS;
- the requirements to keep registers of unit-holders and tenants; and
- the procedures for the resolution of disputes.

13. In addition to these matters, the CCS may contain provisions unique to the commonhold in question, which are intended to define and preserve its character and amenity.

14. Every CCS is likely to contain 3 types of provision. First are those that are prescribed by the Regulations, such as the procedures for raising money or resolving disputes. These provisions are set out in the model CCS. They will apply irrespective of whether the draftsman includes them, but it is intended that they should appear on the face of the CCS. These provisions cannot be amended. The second type are those provisions, such as the description of the units or the allocation of voting rights, which will be unique to the commonhold in question, but which must be inserted in the CCS to enable the commonhold to operate. The model CCS prescribes the format in which this information must be presented in Annexes 1 to 4. Special restrictions apply to the amendment of most of these provisions. The final category are the supplementary provisions that do not appear in the model CCS. These provisions must be clearly identified. Subject to any special rules added to the CCS to restrict their amendment, these provisions can be amended so long as a majority of the members of the commonhold association agree. The provisions in the second and third categories are referred to as local rules.

15. Subject to any overriding provisions under the general law, the only restrictions placed on the content of local rules are that they must not be:

   - Inconsistent with any provision made by or by virtue of the Act;
   - Inconsistent with anything which is treated as included in the CCS by the Regulations;
   - Inconsistent with the memorandum or articles of association; or
   - Prohibited by the Regulations.

16. As the model CCS is part of the Regulations, local rules cannot be inconsistent with any provisions in the model.
Structure of the CCS

17. The format of the CCS is prescribed. It is divided into Parts and Annexes. Each of the Parts is divided into numbered Sections, which contain numbered paragraphs. The Annexes are also divided into numbered paragraphs. The model CCS contains 4 Parts and 4 Annexes. These are:

Part 1: Introduction
Part 2: The Commonhold
Part 3: Commonhold Allocations
Part 4: The Rules of the Commonhold
Annex 1: Identity of the Commonhold and the Commonhold Association
Annex 2: Definition of the Properties within the Commonhold
Annex 3: Commonhold Allocations
Annex 4: Local Rules

18. Additional annexes may be added and, if a developer wishes to reserve development rights, an Annex setting out the terms of those rights must be added as the final Annex in the CCS.

Making additions to a CCS

19. The Regulations prescribe the way in which local rules can be added to a CCS. They may only be added to the end of a Part or a Section, or included in an Annex.

20. The choice of whether to add local rules to the main body of the CCS (at the end of a Part or Section) or to an Annex is a matter of individual choice. In some circumstances, it may be sensible to insert the new provisions so that they are placed amongst the relevant rules, particularly in Part 4 of the CCS. For instance, a restriction on the amendment of a local rule might be best placed in Section 4.8 with the prescribed provisions relating to amendment of the CCS. Alternatively, some commonholds might consider it better to insert every added provision in a new Annex created specifically for supplementary local rules. This would have the benefit of ease of identification of any additional local rules. It may well be that a combination of the two would serve best in some cases. This is the approach taken in the example CCS set out in Appendix 2.
21. Where provisions are added to the main body of the CCS, they should be added to the end of a Part or a Section, ideally one that deals with the same subject matter. For example, additional provisions relating to standard of repair could be added to Section 4.5, Repair and Maintenance.

22. Each additional provision must be numbered, following on from the previous number in the relevant Part or Section. Added provisions must be identified with a heading, which includes the words "additional provision specific to this commonhold". If an additional provision was to be added to Section 4.5 relating to the required standard of repair, it would be numbered 4.5.3, with a heading indicating the subject matter and identifying the fact that it is a supplementary local rule. The heading might read "Standard of repair - additional provision specific to this commonhold".

Adding material to an Annex

23. Annexes 1 to 4 of the model CCS require the addition of prescribed information, such as the names of the commonhold and the commonhold association. In addition, supplementary paragraphs can be added to these Annexes. Additional provisions may also be included in a new Annex.

24. Provisions included in an Annex must be introduced by a paragraph inserted at the end of Part 4 of the CCS with a heading that includes the words "additional provisions specific to this commonhold". Under the heading, a paragraph will direct readers to the additional provisions by referring to the Annex in question. For example, if a provision relating to standard of repair was to be added to a new Annex, the draftsman might add a heading at the end of Part 4, which read "Repair and Maintenance - additional provisions specific to this commonhold". Beneath the heading, a paragraph would read "Additional provisions are set out in Annex [ ]." The precise wording of these additions would of course depend upon the document in question.

Development rights

25. By virtue of the Act, a developer may reserve specific rights relating to the completion of development business within the commonhold. Where a developer chooses to do this, the provisions must be inserted in an Annex headed "Development Rights", which must be numbered and be the last Annex in the CCS. In addition, Section 1.3 of the CCS must contain a paragraph stating "Annex [ ] specifies the rights of the developer which are designed to permit him to undertake development business or to facilitate his undertaking of development business". The Annex which sets out the development rights must
be the final Annex, so that it can be more readily removed once the rights have expired.

Amendment of a CCS

26. Many additions to the model CCS will be made at the outset, prior to the commonhold being registered at Land Registry. However, there will be instances where decisions are made to vary some of the existing provisions of the CCS. Section 4.8 of the model CCS prescribes the manner in which the CCS can be amended. The starting point is that the existing paragraphs in Parts 1 to 4 of the model CCS cannot be amended. So far as local rules are concerned, with the exception of those with special protection, unless CCS itself specifies otherwise, they can be deleted or amended by ordinary resolution of the members (approval by a simple majority of those voting). For those rules with special protection, see rules 4.8.5 to 4.8.13 of the example CCS at Appendix 2.

27. It should be remembered that an amended CCS must be registered at Land Registry in order for any amendment to have effect.

Signature

28. A CCS must be signed before it is registered at Land Registry. If the commonhold has not yet been registered, the CCS must be signed by or on behalf of the applicant for registration. Once the commonhold is registered, any amended CCS must be signed by or on behalf of the commonhold association or, in some cases, the developer.
Part 3 - Local Rules in Annexes 1 to 4

Introduction

29. This Part describes specimen local rules that might be added to Annexes 1 to 4 of a CCS.

Annex 1: Identity of the Commonhold and the Commonhold Association

30. Annex 1 contains the information that will identify the commonhold. Each paragraph of the Annex is considered in turn.

31. The name of the commonhold must be inserted at paragraph 1, as well as on the front page of the CCS. The name given must be the same as that mentioned in clause 3 of the memorandum of association of the commonhold association.

32. The name of the commonhold association is inserted at paragraph 2. This will be the name shown on its Certificate of Incorporation and on the front pages of both the memorandum and articles of association. Clearly, if the name of the commonhold association changes, the CCS will require amendment. The name will then be the name given on the Certificate of Incorporation on Change of Name.

33. The commonhold association’s company number must be inserted at paragraph 3. The number is given on the Certificate of Incorporation. It does not change on a change of name.

34. In the event that a succession order is made at the hearing of the petition to wind-up a commonhold association, the name and number of the successor commonhold association should appear at paragraph 3.

Annex 2: Definition of the Properties within the Commonhold

35. Annex 2 defines the properties within the commonhold and the rights that benefit or affect them. It is divided into 7 paragraphs. Each are considered in turn.

36. Paragraph 1 of Annex 2 in the model CCS sets out details of the plans that form part of the CCS. The CCS is required to refer to a plan when defining the extent of the units. The plan must comply with the requirements of Land Registry and must delineate the boundaries of the commonhold units with any
adjoining properties. Reference should be made to Land Registry Practice Guide 60 (published June 2004) for further details of requirements relating to plans. As an example, in a CCS with 3 plans: one showing the extent of the commonhold as a whole and the 2 others showing on a smaller scale a division of the separate halves of the commonhold into units, the table might appear as follows:

1. List of plans

<table>
<thead>
<tr>
<th>Plan Number</th>
<th>Plan Reference Number (if different)</th>
<th>Date of Plan (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SCI/001/001</td>
<td>27.9.04</td>
</tr>
<tr>
<td>2</td>
<td>SCI/002/001</td>
<td>27.9.04</td>
</tr>
<tr>
<td>3</td>
<td>SCI/002/002</td>
<td>27.9.04</td>
</tr>
</tbody>
</table>

37. The plan numbers are allocated in the CCS. They are expected to be referred to in the CCS much in the same way that plans are referred to in conveyancing documents and leases at present. The plan reference numbers are expected to be the references given by the drawer of the plan. Frequently, this will be an architect or surveyor. These references usually contain 2 or more elements and may therefore be somewhat cumbersome for reference purposes in the text of the CCS itself. Recording the reference numbers of the plans will enable simple cross-referencing to be carried out. The requirement for the entry of the date of the plan is self-explanatory and provides another means of verification. Both the plan reference and the date of the plan should appear on the plan itself if they are to appear in paragraph 1 of Annex 2.

38. Paragraph 2 of Annex 2 contains a description of the location and extent of the commonhold land. This will reflect the extent of the land being registered as a freehold estate in commonhold land. It should be sufficiently exact to enable the land and its boundaries to be identified.

39. Paragraph 3 of Annex 2 states the number of units within the commonhold. At least 2 units are required to create a commonhold.
Definition of the commonhold units

40. Paragraph 4 of Annex 2 contains a description of the location and extent of the commonhold units. The units will be defined by reference to the plans in the CCS. Further details of the description of the units can be included at paragraph 5. A unit may of course comprise one or several pieces of land. In many cases, the units will correspond with flats, houses, offices or shops within the commonhold, but this is not necessarily the case. Paragraph 4 might be completed as follows:

4. Description of the location and extent of the commonhold units

<table>
<thead>
<tr>
<th>Commonhold Unit Number</th>
<th>Plan Number</th>
<th>Details of how the Commonhold unit is shown on the plan</th>
<th>Property Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>Edged red and numbered 1</td>
<td>Flat 1, Sunny Brook Gardens</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Edged red and numbered 2</td>
<td>Flat 2, Sunny Brook Gardens</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Edged red and numbered 3</td>
<td>Flat 3, Sunny Brook Gardens</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Edged red and numbered 3</td>
<td>Flat 4, Sunny Brook Gardens</td>
</tr>
</tbody>
</table>

41. The Property Description column should contain the postal address of the unit. It could also include other details, such as the area covered by the unit, or whether the boundary walls and fences are included in the unit.

42. Where part of the entries in the Property Description column are the same for each unit, it may be simpler to use paragraph 5 to provide that detail. See, for example, paragraph 5.2 of Annex 2 in the Example CCS at Appendix 2 of this guidance.
43. It is vital that the units are described accurately. Every part of the commonhold that is not defined as part of a unit will be part of the common parts and will be the responsibility of the commonhold association for insurance, repair and maintenance. In defining the units, it will be necessary to consider the provisions of Regulation 9 because, in certain circumstances, the structure and exterior of the building or part of the building, of which the unit forms part, must be excluded from the unit. The text of Regulation 9 is set out at Appendix 3.

44. The effect of Regulation 9 in general terms is that, where a self-contained building or self-contained part of a building contains only one unit or only part of one unit, the draftsman has a choice as to whether or not the structure and exterior of that building will be part of the unit or part of the common parts. A free standing house or garage comprising a single unit might be an example of such a building. However, where there is more than one unit or part of one unit in a self-contained building or self-contained part of a building, the structure and exterior of that building must be excluded from any definition of the units. This might be the case, for example, in a block of flats. Structure and exterior in this context will, by virtue of the Regulations, include the services provided by means of pipes, cables and other fixed installations, except those that are within and exclusively serving one unit.

45. In defining the extent of the units, the draftsman should also bear in mind the restrictions on dealing with a part unit. Under the Act, a part unit cannot be transferred without the consent of the commonhold association. In some cases, it may be best at the outset to define the units in terms of smaller parcels of land, which will allow flexibility in dealings.

46. Paragraph 5 of Annex 2 allows further description of the commonhold units. The amount of detail needed to describe a unit will vary from case to case. Where a unit requires detailed description, it will probably be best to include that detail in paragraph 5 of Annex 2, rather than in the fourth column of the table at paragraph 4. For example, paragraph 5 might, in the case of a residential flat in a building of traditional construction, read as follows:
5. Further description of commonhold units

A commonhold unit does not include—

(a) the structure and exterior of the building of which it is part;
(b) the beams and joists supporting the floor and ceiling of the unit;
(c) the pipes, cables or other fixed service installations in the unit, other than those exclusively serving the unit.

Rights over the commonhold land

47. Paragraph 6 of Annex 2 enables the draftsman to describe the rights that exist for the benefit of a commonhold unit. In a commonhold, the property rights that would in another context take the form of easements benefitting a property will be identified as part of the rights existing for the benefit of the unit-holders and the commonhold association in the CCS. Paragraph 6 is used to identify the rights, such as rights of way, that unit-holders have over other parts of the commonhold, whether common parts or other units. The rights that required will depend on the layout and structure of the commonhold. A specimen of an entry in paragraph 6 conferring rights on unit-holders is given below. Although the example refers to rights being for the benefit of all unit-holders over the common parts, paragraph 6 could be drafted in a way that identified different rights for different unit-holders.

6. Rights for commonhold units

The unit-holder of each commonhold unit is at all times entitled to—

(a) use the hallways, stairs, corridors, lifts, paths and drives in the common parts, for obtaining access to that unit;
(b) use the pipes, cables and other fixed installations in the common parts, for receiving and using services in and to that unit;
(c) have rights of air and light over the common parts and support from the common parts and other commonhold units, for the enjoyment of that unit.
48. Where the unit-holder has a right to use the common parts in a particular way, as in the previous example, paragraph 6 could be drafted in a way that defined those rights by reference to the permitted use of the common parts or the limited use areas. In that case, the rights could be set out in more detail at paragraphs 3 and 4 of Annex 4. Paragraph 6 of Annex 3 might then appear as follows:

6. Rights for commonhold units

The unit-holder of each commonhold unit is at all times entitled to—

(a) use the common parts in accordance with their permitted use, as specified at paragraphs 3 and 4 of Annex 4;

(b) have rights of air and light over the common parts and support from the common parts and other commonhold units, for the enjoyment of that unit.

49. Paragraph 7 identifies the rights necessary for the unit-holders and the commonhold association over units.

50. Examples of the type of provision that could be included in paragraph 7 are set out below. Again, although the first example identifies rights that are for the benefit of all units and that bind all units, paragraph 7 could be drafted in such a way that the rights would benefit, for instance, only the common parts, or perhaps in a way that would bind particular units.

7. Rights over commonhold units

In relation to each commonhold unit, the commonhold association and the unit-holders of the other commonhold units are entitled to rights of air and light over that unit and support from that unit, for the enjoyment of other parts of the commonhold.
51. Unless they are exclusively serving and within one commonhold unit, the services, such as pipes, cables and other fixed installations, will be part of the common parts. Despite this, it may still be necessary to enter a commonhold unit, for example, to access those services. As such, it may be appropriate to set out expressly this type of ancillary right.

52. A right of entry might also be needed to permit access to the unit for insurance valuation purposes if the commonhold association has a duty to insure the unit. The following are examples of local rules that might be added to permit access to a commonhold unit.

**Rights over commonhold units**

A unit-holder or tenant must allow a person authorised by the commonhold association to enter the commonhold unit at any reasonable time, when it is necessary for any of the following purposes—

(a) to repair, maintain, improve, or to prevent damage to the common parts;

(b) to inspect the state of repair and maintenance of the commonhold unit or the common parts;

(c) to ascertain how the commonhold unit is being used; or

(d) to make a valuation for insurance purposes.

53. Another typical scenario in which a right of entry might be included is where a unit can only be repaired by gaining access to another unit. In these circumstances, the following provision might be appropriate.
7. Rights over commonhold units

A unit-holder or tenant must allow a person authorised by another unit-holder to enter the commonhold unit at any reasonable time, where such entry is necessary to repair, maintain, or to prevent damage to that other unit-holder's commonhold unit.

54. The provisions required to qualify a right of access will vary from case to case, but the following local rule gives an indication of the type of provision that might be added.

7. Rights over commonhold units

Any authority given under paragraph [ ] is subject to the following conditions—

(a) reasonable notice is given to the unit-holder or tenant [person occupying the commonhold unit], unless there is an emergency;

(b) there is as little interference as possible with the occupation and enjoyment of the commonhold unit; and

(c) any damage to the commonhold unit caused by the person authorised is promptly made good.

Annex 3: Commonhold Allocations

55. Annex 3 contains information that will be vitally important to all unit-holders. It sets out the proportions in which the owners of the units can be required to contribute to the common expenses. Annex 3 also sets out the votes allocated to the members of the commonhold association in relation to each unit. The allocations between units in any commonhold will be unique to that commonhold. The draftsman will require instructions as to the appropriate proportions to be allocated. This task will be similar to the drafting of service charge allocations in leases.
Commonhold assessment

56. Paragraph 1 includes a table which will specify the percentage of the commonhold assessment that will be payable by each unit-holder. The table in the model CCS can be extended to incorporate every unit in the commonhold. The percentages allocated to the units must total 100. It will be possible to specify that a unit has an allocation of 0%. This may be appropriate, for example, in the case of a unit that comprises a garage only, where a suitable proportion is allocated to the associated flat.

57. In the simplest of cases, taking a 4-unit commonhold, the allocations might be evenly split. Paragraph 1 could then look as follows:

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Percentage Allocation (Total 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>25%</td>
</tr>
<tr>
<td>4</td>
<td>25%</td>
</tr>
</tbody>
</table>

Reserve fund levies

58. Paragraph 2 performs a similar function in respect of any reserve fund that has been established. Additional tables may be inserted where more than one reserve fund has been set up. Again, the percentages allocated to the units must total 100 and a unit can have an allocation of 0%. If the commonhold does not have a reserve fund, the table can be left blank.

59. The following example demonstrates the use of 2 reserve funds. The first, for maintenance of the car park, has an even allocation between the units, perhaps as every unit has the benefit of a parking space. The second example shows a reserve fund for lift maintenance, where 2 units are given a 0% allocation, perhaps as they are located on the ground floor.
2. Allocation of reserve fund levy

<table>
<thead>
<tr>
<th>Name of reserve fund</th>
<th>Commonhold unit number</th>
<th>Percentage (total 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car Park Maintenance</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>25%</td>
</tr>
<tr>
<td>Lift Maintenance</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Voting allocation**

60. Paragraph 3 allocates the number of votes to the members of the commonhold association. At a general meeting, regardless of the allocation of votes in the CCS, on a show of hands, each member will have one vote. However, on a poll vote, the number of votes that can be exercised will be determined by reference to paragraph 3. A poll vote allows a member to cast more than one vote in the event that voting rights are not evenly distributed. In the example below, each unit-holder would still be able to exercise just one vote. However, it would be possible to allocate votes in different ways, perhaps in accordance with the size of the units. For example, in a 2 storey residential development, where the ground floor contained just one flat and the first floor contained 3 flats, it might be appropriate for the unit-holder of the larger ground floor flat to be allocated more votes than the smaller flats above.

61. Similarly, if a unit-holder is the owner of more than one unit, and is also the member in relation to each of those units, that unit-holder has the total number of votes allocated at paragraph 3 in respect of those units. In the example given below, if the same person owned units 1 and 2, and was the member in relation to both those units, that person would be able to cast 2 votes.
3. Allocation of votes

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Number of votes allocated to member</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

Annex 4: Local Rules

62. Local rules are defined as provisions inserted into the CCS by the developer or commonhold association that are not prescribed by the Regulations. Annex 4 includes some of the key local rules that will need to be customised to the commonhold in question. Each paragraph is considered in turn.

63. Paragraph 1 specifies the rate of interest that will be charged on late payments of commonhold assessment, reserve fund levies and diversion of rent payments. The figure might be a simple percentage, or perhaps more commonly a percentage above the base rate of a specified bank. In the latter case, the box at paragraph 1 in the model CCS would of course have to be enlarged. If an interest rate is not specified at paragraph 1, no interest will be payable on late payment.

Permitted use of commonhold units

64. Paragraph 2 specifies the permitted use of the commonhold unit. In a residential development, the permitted use could be described as "residential", or, perhaps, "residential and other incidental purposes". However, where the commonhold contains commercial or industrial units, a more detailed description might be expected. There may also be specific restrictions applicable to one or more units. A simple tabular form is proposed so that all the relevant information is available at a glance. Taking a simple example of a 4-unit commonhold containing a shop and 3 flats, each being a unit, the table might appear as follows:
2. Permitted use of commonhold units

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Permitted use</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retail Shop</td>
</tr>
<tr>
<td>2</td>
<td>Residential and other incidental purposes</td>
</tr>
<tr>
<td>3</td>
<td>Residential</td>
</tr>
<tr>
<td>4</td>
<td>Residential</td>
</tr>
</tbody>
</table>

65. Further restrictions on use of the commonhold units might also be added elsewhere in the CCS. For instance, if the commonhold was to contain commercial units, the draftsman might consider it appropriate to include restrictions on particular trades. This exercise will be similar to the drafting of user clauses in leases.

Permitted use of common parts

66. Paragraph 3 performs a similar function to paragraph 2, but in relation to the common parts. This paragraph is expected to be used to define the use of general spaces within the commonhold. Restrictions can also be placed on the use of common parts by the utilisation of limited use areas, defined in paragraph 4, if that is preferred.
3. Permitted use of common parts

The common parts (other than limited use areas: see paragraph 4 of this Annex) may be used as follows—

(a) the pipes, cables and other fixed service installations for providing the appropriate services to the commonhold;
(b) the garden, coloured [] on Plan [], for recreation;
(c) the driveway, coloured [] on Plan [], for access by motor vehicles;
(d) the parking areas, coloured [] on Plan [], for parking motor vehicles; and
(e) other areas, both outside and inside the building(s), for pedestrian access to commonhold units.

67. Where further restrictions are to be imposed, limited use areas can be identified. Use can be limited in terms of a restriction on either the classes of person who may use the area, the kind of use to which the area may be put, or both. The scope for the types of things that can be specified as a limited use area is very wide and will depend entirely on the arrangements needed for the commonhold in question. Although the following examples have done so, it will not be necessary in every case to specify both authorised users and authorised use.

4. Limited use areas

<table>
<thead>
<tr>
<th>Description of area</th>
<th>Plan No.</th>
<th>Authorised users</th>
<th>Authorised use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lift motor room</td>
<td>2</td>
<td>Officers of, and agents and contractors appointed by, the commonhold association</td>
<td>Servicing and maintenance of lift machinery</td>
</tr>
<tr>
<td>Boiler room</td>
<td>2</td>
<td>Officers of, and agents and contractors appointed by, the commonhold association</td>
<td>Servicing and maintenance of the boiler</td>
</tr>
</tbody>
</table>
4. Limited use areas (continued)

<table>
<thead>
<tr>
<th>Area</th>
<th>Use</th>
<th>Users</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil storage area</td>
<td>1</td>
<td>Officers of, and agents and contractors appointed by, the commonhold association</td>
<td>Delivery and storage of fuel oil and maintenance of tanks</td>
</tr>
<tr>
<td>Dustbin area</td>
<td>1</td>
<td>All unit-holders and tenants</td>
<td>Deposit of rubbish in the receptacles provided</td>
</tr>
<tr>
<td>Garage forecourt</td>
<td>1</td>
<td>Unit-holders and tenants of those units which include a garage</td>
<td>Driving and parking private motor vehicles, but not so as to obstruct any garage entrance</td>
</tr>
<tr>
<td>Tennis court</td>
<td>1</td>
<td>All unit-holders, tenants and those they invite</td>
<td>Playing tennis, observing regulations about reservations and conduct made by the commonhold association</td>
</tr>
<tr>
<td>Manager's office</td>
<td>3</td>
<td>Officer and agents of the commonhold association and authorised employees</td>
<td>Office accommodation for management of the commonhold</td>
</tr>
<tr>
<td>Caretaker's flat</td>
<td>3</td>
<td>Resident caretaker and, for property management purposes, officers and agents of the commonhold association and contractors appointed by them</td>
<td>Living accommodation for a caretaker employed by the commonhold association</td>
</tr>
</tbody>
</table>

Insurance of common parts

68. The commonhold association must insure the common parts. Paragraph 5 of Annex 4 will list the insured risks that are specified, in addition to fire, in the
insurance cover for the common parts. The list of insured risks outlined in the following example are those risks now specified in the Council of Mortgage Lenders' Handbook. "Fire" is not mentioned in the specimen paragraph because it is already specified in paragraph 4.4.1 of the model CCS.

5. Insurance of common parts – insured risks

So far as cover is generally available for that type of property in that location, loss or damage by lightning, aircraft, explosion, earthquake, storm, flood, escape of water or oil, riot, malicious damage, theft or attempted theft, falling trees and branches and aerials, subsidence, heave, landslip, collision, accidental damage to underground services, professional fees, demolition and site clearance costs, public liability to anyone else, and such other risks as the members of the commonhold association approve from time to time by ordinary resolution.

Insurance of commonhold units

69. Although the CCS must make provision imposing duties in respect of the insurance of the units, there is a certain amount of flexibility in terms of who will take out the cover.

70. The Regulations provide that, where there is more than one unit or part of one unit in a self-contained building or self-contained part of a building, the structure and exterior of that building must be excluded from any definition of the units. In this case, the obligation to insure the building or part of the building in which the units are contained will fall on the commonhold association. This will mean that the commonhold association will be responsible for the insurance of both the common parts and the units in that building. An example would be a residential block of flats, where there are several units contained in a single self-contained building. The duty to insure the units will fall on the commonhold association.

71. In other cases, the insurance of the units can be the responsibility of either the commonhold association or the unit-holders themselves. The obligation to insure the units will be outlined at paragraph 6 of Annex 4. In addition to specifying the person responsible for arranging the insurance, paragraph 6 might also include details of the level of cover and the insured risks. An
obligation on the commonhold association to make the policy available for inspection and copying might also be included.

72. The following example shows how the duty to insure might be set out in paragraph 6. In this example, the commonhold association is responsible for the insurance of the units.

6. Insurance of commonhold units — duties

6.1 The commonhold association must insure all the commonhold units to their full rebuilding and reinstatement costs, together with cover for the cost of alternative accommodation for [] years.

6.2 That insurance must, so far as cover is generally available for that type of property in that location, be against loss or damage by lightning, aircraft, explosion, earthquake, storm, flood, escape of water or oil, riot, malicious damage, theft or attempted theft, falling trees and branches and aerials, subsidence, heave, landslip, collision, accidental damage to underground services, professional fees, demolition and site clearance costs, public liability to anyone else, and such other risks as the members of the commonhold association approve from time to time by ordinary resolution.

6.3 The commonhold association must, whenever required, provide a unit-holder with written evidence of the terms of the insurance and of the payment of most recent premium.

6.4 In the event of any loss or damage covered by the insurance, the commonhold association must promptly make a claim under the policy and make good the loss or damage.

Repair and Maintenance of commonhold units

73. The model CCS already places an obligation on the commonhold association to repair and maintain the common parts. The CCS must also make provision imposing duties in respect of the repair and maintenance of the units. Repair and maintenance of the units can be the responsibility of either the
commonhold association or the unit-holder, though it is expected that the unit-holder will retain responsibility in most cases.

74. As provided for in the Act, any obligation in the CCS to repair and maintain a unit will include decorating it and putting it into sound condition. However, it may be helpful to state this expressly, as in the following example. This is similar to the approach taken in respect maintenance of the common parts (see paragraph 4.5.1 of the example CCS at Appendix 2).

7. Repair and maintenance of commonhold units – duties

The unit-holder must repair and maintain the unit. This includes decorating it and putting it into sound condition.
Part 4 - Development Rights

75. Development rights are the rights in the CCS which are designed to permit a developer to undertake development business or to facilitate a developer's undertaking of development business. The Act defines development business as follows:

- The completion or execution of works on:
  - a commonhold;
  - land which is or may be added to a commonhold; or
  - land which has been removed from a commonhold

- Transactions in commonhold units;

- Advertising and other activities designed to promote transactions in commonhold units;

- The addition of land to a commonhold;

- The removal of land from a commonhold;

- Amendment of a CCS; and

- Appointment and removal of directors.

76. Where provisions are included in the CCS which confer development rights on a developer, they will be inserted into an Annex headed 'Development Rights'. Taking into account the transitory nature of these rights, they will be inserted into the final Annex to the CCS, for ease of removal.

77. Where development rights are included in a CCS, a paragraph must be inserted into Section 1.3 of the CCS to identify the Annex that contains those rights.

78. Whether a developer needs to reserve development rights and, if so, which rights, will depend on the state of progress of the development in question. In practice, in relation to construction matters at least, development rights may be similar to the rights reserved under contracts for the sale of buildings in the course of construction today. There is a balance to be struck between enabling the development to be completed and respecting the enjoyment of the property by the unit-holders whilst the development rights remain in force. A developer who reserves excessive rights may well find that buyers are reluctant to purchase the units, despite the basic protection provided by the Regulations.
Those advising buyers will need to consider whether any development rights that have been reserved are unduly intrusive. Buyers will also want to be sure that the commonhold in which he is going to buy a unit is adequately defined and certain. For example, they will want to ensure that any facilities included in the plans for new build commonholds are actually in place once the developer has completed the building works.

79. The following are examples of local rules that the developer may wish to insert into the CCS prior to registration of the commonhold.
Development Rights

The developer, his agents and workmen, are entitled to have access to the common parts as necessary to complete the construction of the commonhold.

In the course of completing construction work, the developer is entitled to interfere temporarily with access and the provision of services to a commonhold unit, so long as the unit is not rendered unusable for its permitted use.

Until construction work is completed, the developer is entitled to use the grounds of the commonhold for storing building materials, equipment and machinery.

An application to Land Registry by the developer to add land to the commonhold does not require approval by resolution of the commonhold association.

A unit-holder must obtain the developer’s written consent before applying for planning permission to carry out any development on the commonhold.

The developer is entitled to erect and maintain an advertisement hoarding on the common parts announcing that commonhold units are for sale.

The developer is entitled to use one commonhold unit as a “show unit” for display to prospective buyers and for negotiating sales.

A prospective buyer of a commonhold unit, authorised by the developer, is entitled to have access to the common parts, including the right to park a car while on the property, for the purpose of viewing units for sale and the common parts.

The developer has the right to appoint and remove directors of the commonhold association in accordance with the articles of association.
Part 5 – Other local rules

Introduction

80. This Part contains examples of other local rules that may be added to the CCS. It illustrates the type of provisions that can be added to the end of a Part or Section in the CCS, or inserted into an Annex. The examples deal with a range of issues and often cover the type of material that might commonly be found in leases. Whether or not such rules are suitable for any particular commonhold community will need to be determined on a case by case basis.

81. Whenever a local rule is added, consideration should be given as to how that rule may be amended. Unless specified otherwise, the local rule will be capable of being amended by ordinary resolution of the members. If stricter requirements are thought necessary, express provision will be needed in the CCS. An example of a provision inserted to entrench a local rule can be found at paragraph 4.8.17 of the example CCS at Appendix 2. The model CCS already specifies additional requirements in relation to several important matters. These are set out at paragraphs 4.8.5 to 4.8.13.

82. At the time of going to press, the Council of Mortgage Lenders’ Handbook does not contain provisions specifically for use in commonhold properties. The draftsman should be aware that any local rules that are included in a CCS may need to take into account the requirements as set out in the Handbook. Additionally, consideration should be given to potential mortgage conditions that might be imposed on future buyers of the commonhold units.

83. The following set of examples is not an exhaustive review of all the local rules that might be added, but it is hoped that the examples given will illustrate different types of local rules that can be included in a CCS. The following topics are considered:

- Use of the commonhold units
- Use of the common parts
- Alterations
- Advertisements
- Notices
Use of the commonhold units

84. The permitted use of a unit will be specified at paragraph 2 of Annex 4. Permitted use might be specified, for example, as residential. Where more specific provisions are thought necessary to restrict certain activities in a unit, some of the following examples might be used.

A unit-holder or tenant must not use the commonhold unit, or allow anyone else to use the commonhold unit, for any of the following—

(a) anything which causes, or might become, a nuisance or annoyance to a unit-holder or tenant of any other commonhold unit;

(b) anything which is dangerous or noxious;

(c) storage of any flammable or explosive substance (except in the fuel tank of a vehicle);

(d) installing or storing anything which overloads the floors or the structure of the building;

(e) anything which contravenes a term of the policy insuring the property or causes an increase in the premium;

(f) a public meeting or anything which attracts casual callers; or

(g) playing music or amplifying or reproducing any sound so that it can be heard outside the unit between the hours of [ ] and [ ].
Use of the common parts

85. The permitted use of the common parts is set out at paragraphs 3 and 4 of Annex 4. Fairly comprehensive restrictions on the common parts can be imposed by the use of limited use areas. However, where further restrictions are considered necessary, a local rule could be added.

86. The follow provision is an example of a local rule that could be added specifically to prohibit obstruction of the common parts.

A unit-holder or tenant must not obstruct the common parts or leave any goods there.

Alterations

87. The model CCS provides that the commonhold association may not make alterations to the common parts without the approval of the members.

88. There are no provisions in the model CCS which restrict the alteration of a unit. Where such restrictions are considered necessary, the following provisions are examples of the local rules that could be inserted.

A unit-holder or tenant must obtain the written consent of the commonhold association before—

(a) making any alteration to a commonhold unit which affects the common parts;

(b) altering or adapting the electrical or water supply to a commonhold unit or wiring or plumbing within the unit.

89. The extent to which a unit-holder's right to alter a unit should be curtailed is a matter for consideration. If further restriction was thought necessary, one of the forms it might take is as follows, though consideration would have to be given to whether the word 'affected' is restricted to physical matters or also extends to issues of amenity.

Before making an alteration to a unit that affects another unit, a unit-holder or tenant must obtain the written consent of the unit-holder whose unit will be affected by that alteration.
Advertisements

90. Some commonholds will want to preserve their external appearance. A control on advertisements might therefore be considered. The next local rule illustrates a form this might take.

A unit-holder or tenant must not allow any advertisement to be displayed on the commonhold unit in such a way that it is visible from outside the unit.

91. Whilst certain restrictions might be considered necessary, unit-holders are likely to require some freedom in the erection of notices to advertise their unit in the event that it is placed on the market for sale, as in the following example.

The commonhold association must permit a unit-holder to erect and maintain a notice in a reasonably prominent position on the commonhold, stating that a unit is for sale or to let.

Notices

92. Official signage in a commonhold will be important to those living or working there and it might therefore be appropriate to place obligations on the commonhold association in relation to the display of notices. Some examples follow.

The commonhold association must erect and maintain an appropriate notice [at the entrance to the commonhold] [outside the entrance door] [in the entrance hall] displaying the names of the [unit-holders] [residents] [occupiers] of commonhold units and directions to the units.

The commonhold association must erect and maintain signs and directions to regulate traffic and parking in the grounds of the commonhold.
93. The inclusion of an obligation on the commonhold association to regulate traffic might prompt the addition of an obligation on the unit-holders to comply with any directions given, perhaps in the following form.

A unit-holder or tenant must comply with signs and directions which are displayed regulating traffic and parking in the grounds of the commonhold and must require all visitors to comply.

Security

94. Security is an increasingly important aspect of community living. Commonholds may well want to make their own security arrangements. If so, the following paragraphs may provide useful suggestions.

The commonhold association must install and maintain in the commonhold appropriate security arrangements, designed to prohibit the entry of unauthorised persons.

The commonhold association must provide the services of a security patrol [at all times] [during the hours of darkness].

A unit-holder or tenant must co-operate in the use of the security arrangements controlling entry to the commonhold and must require all visitors to comply.

Services

95. As explained in paragraph 43 above, the structure and exterior of the building will commonly be excluded from the definition of the commonhold units and, as a result, will be part of the common parts. In most cases, structure and exterior will include the services in or to a building provided by means of pipes and cables and other fixed installations. As a result, these services will be the responsibility of the commonhold association. However, unit-holders may wish to ensure that services are actually delivered. The following local rules might, therefore, be considered when drafting a CCS.
The commonhold association must, unless prevented by circumstances beyond its control, provide the following services to each commonhold unit—

(a) heating from [ ] to [ ];

(b) hot water; and

(c) television reception from a communal aerial.

96. When drafting local rules in relation to the provision of services to the common parts, consideration should be given to further specifications. For instance, in the first example below, the frequency of cleaning and the hours of lighting might be included.

The commonhold association must, unless prevented by circumstances beyond its control, provide the following services in relation to the common parts—

(a) cleaning and lighting;

(b) keeping the garden appropriately planted, tended and tidy;

(c) maintaining signs and equipment to regulate the access and parking of vehicles; and

(d) supply and maintenance of the equipment and marking needed for using the tennis court.

Notices received

97. The commonhold association will have a legitimate interest in many cases in hearing of proposals that emanate from unit-holders, tenants or third parties that might affect the commonhold. To ensure that the commonhold association receives all necessary information, an obligation in the following form might be considered.
A unit-holder or tenant must promptly give the commonhold association a copy of any notice received concerning—

(a) an application for permission to develop any part of the commonhold or any neighbouring land;

(b) a proposal to enforce planning control;

(c) an intention to acquire any part of the commonhold compulsorily;

(d) a party wall or a proposal to do work affecting a party structure;

(e) an application for an order authorising access to any part of the commonhold; or

(f) action to prohibit or limit any activity undertaken on any part of the commonhold or a use to which any part is put.

Mortgages

98. It is likely that commonhold units, certainly in residential commonholds, will be subject to a mortgage or charge. Various provisions in the Act and in the CCS require the written consent of a chargee. For example, an amendment to the CCS which redefines the extent of a unit over which there is a charge, cannot be made unless the registered proprietor of the charge consents in writing before the amendment is made. For this reason, it may be beneficial for a commonhold association to be aware of any charges in existence, as well as retaining details of any mortgagee for correspondence purposes. The following examples show the type of local rules that might be used.

Within 14 days, beginning with the date on which a charge over a commonhold unit is created, the unit-holder must give a notice to the commonhold association specifying the name and address for correspondence of the mortgagee and the account number (if any).

Within 14 days, beginning with the date on which a charge over a commonhold unit is discharged, the unit-holder must give a notice to the commonhold association specifying that the charge over the commonhold unit has been discharged.
The commonhold association must maintain a register of charges over commonhold units and, within 14 days of receiving notice under—

(a) Paragraph [ ], enter in the register the name and address for correspondence of the mortgagee and the account number (if any);

(b) Paragraph [ ], delete the entry in the register relating to any charge which is discharged.

99. The model CCS contains provisions for the commonhold association to divert rent from a tenant of a unit-holder in the event that the unit-holder is in arrears with the payment of the commonhold assessment or reserve fund levies. Mortgagees are likely to be keen to know when their mortgagors are in arrears, as the unit-holder’s income stream will be depleted by the diversion of rent to the commonhold association. The inclusion of the following local rule will ensure that the mortgagee is informed when rent is being diverted from a unit-holder’s tenant.

Whenever the commonhold association gives notice under paragraph 4.2.18 requiring a tenant of a unit-holder to divert to it all or part of the rent payable by a unit-holder, the commonhold association must at the same time give a copy of the notice to any mortgagee of the unit.

100. Where provisions about the mortgagee are included, it may be appropriate to insert into paragraph 1.4.5 of the CCS a definition of the term ‘mortgagee’. Although not required by the Regulations, it might be also be useful to specify after the definition itself that it is specific to the commonhold in question. The example CCS at Appendix 2 adopts this approach.

“mortgagee” means, in relation to a unit, a person recorded as mortgagee of that unit in the register of charges kept by the commonhold association.

Insurance

101. The commonhold association has a duty to insure the common parts. Provision must also be made in the CCS imposing duties in respect of the
insurance of the commonhold units. There are, however, additional forms of
insurance that might also be considered by the commonhold association, as
demonstrated by the following examples. The first example might be
appropriate if more specific provisions were considered necessary in relation to
public liability insurance.

The commonhold association must insure, for an indemnity of at least [£ ], against
liability incurred by the commonhold association [or by a unit-holder] as a result of the
death of or injury to a person on or in the vicinity of the commonhold or the loss of or
damage to goods.

The commonhold association may take out insurance against losses incurred as a result
of negligence, misbehaviour or dishonesty of directors.

Fire precautions

102. The inclusion of local rules in relation to fire precautions is likely to be
something that will need to be considered in the light of any insurance
requirements. The following example might be useful, for example, in a
commonhold with several occupants. It is, perhaps, not the type of local rule
that would be expected to apply to a unit that is a detached property in single
ownership.

A unit-holder or tenant must provide and maintain fire prevention, fire
detection, fire
fighting and escape instructions and equipment as directed or recommended by the
property insurers or the local fire prevention officer.

Termination statement

103. A termination statement specifies the commonhold association's proposals for
the transfer of land and distribution of assets on a voluntary winding-up. The
CCS may make provision requiring a termination statement to make
arrangements about the rights of the unit-holders in the event that land ceases
to be commonhold land. Where the CCS does make such provision, the
termination statement must comply with those requirements. The following are
examples of provisions that might be included.
Any termination statement must state that the commonhold association's surplus assets are to be divided between the unit-holders in the same proportion as the allocation of commonhold assessment, as specified in paragraph 1 of Annex 3.

Any termination statement must state that the commonhold association's surplus assets are to be divided between the members in the same proportion as the allocation of votes, as specified in paragraph 3 of Annex 3.

104. It is expected that termination of a commonhold will be a relatively rare event. However, it is a topic that is of particular interest to unit-holders and their mortgagees. Provisions in the CCS relating to termination may, therefore, be extensive. As the commonhold workshops held in May 2004 did not consider these matters in more detail, this guidance does not further specimen local rules relating to termination. However, the Department will be returning to this topic in due course.
Appendix 1 – Workshop attendees

The following is a list of the external participants in the commonhold workshops on 12 and 13 May 2004. The Department extends its thanks to them for their involvement in the drafting of the specimen local rules set out in this guidance.

Trevor Aldridge QC
Chris Baker (Denton Wilde Sapte)
Janet Baker (Central Law Training)
Richard Bagley (Peverel Limited)
Professor David Clarke (University of Bristol)
Letitia Crabb (University of Reading)
Tony Essien (LEASE)
Katharine Fenn (Denton Wilde Sapte)
Richard Frost (consultant to plainlaw)
Gerald Sherriff (Lawrence Jones)
Mark Wagstaff (The Housing Corporation)
Appendix 2 – Example CCS

This Appendix contains an illustrative example of a completed CCS (excluding the plans). The example is not intended to represent a comprehensive document for a particular commonhold. It simply aims to illustrate how some of the specimen clauses outlined in this guidance would appear when incorporated into the model CCS. Those intending to set up a commonhold are advised to seek professional advice when considering the provisions that need to be included in a particular CCS.
COMMONHOLD AND LEASEHOLD REFORM ACT 2002

COMMONHOLD COMMUNITY STATEMENT

OF

SUNNYSIDE COMMONHOLD

This document is important.

It creates legally binding rights and duties.

It is recommended that anyone affected by it should take appropriate advice.
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PART 1: INTRODUCTION

1.1 COMMONHOLD COMMUNITY STATEMENT

1.1.1 This document is a commonhold community statement ("CCS"). It defines the commonhold units and the common parts. It also specifies the rights and duties of the unit-holders and the commonhold association, and the procedure to be followed to enforce them.

1.1.2 This CCS imposes obligations on a tenant of a commonhold unit and specifies the procedure to be followed by a tenant to enforce a duty imposed on the commonhold association, a unit-holder, or another tenant.

1.1.3 These rights and duties are in addition to any rights and duties that may exist under the general law.

1.1.4 The provisions of this CCS are subject to the Act and regulations made under it. In particular, regulations may provide that a CCS is to be treated as including specified provisions or as including provisions of a specified kind, for a specified purpose or about a specified matter.

1.1.5 A provision of this CCS has no effect to the extent that it is—
(a) inconsistent with any provision made by or by virtue of the Act;
(b) inconsistent with anything which is treated as included in this CCS by regulations;
(c) inconsistent with the memorandum or articles of association; or
(d) prohibited by regulations.

1.2 THE COMMONHOLD AND COMMONHOLD ASSOCIATION

1.2.1 The name of the commonhold is in paragraph 1 of Annex 1.

1.2.2 The name and company number of the commonhold association are in paragraphs 2 and 3 of Annex 1.
1.3 STRUCTURE OF THIS DOCUMENT

1.3.1 This CCS is divided into numbered Parts and Annexes. Each of the Parts is divided into numbered Sections with numbered paragraphs. The Annexes are also divided into numbered paragraphs.

1.3.2 Part 1 contains general provisions. Annex 1 sets out the details of the commonhold and the commonhold association.

1.3.3 Part 2 and Annex 2 define the properties within the commonhold.

1.3.4 Part 3 and Annex 3 define the percentages allocated to each commonhold unit in respect of the commonhold assessment and any levy and the allocation of votes.

1.3.5 Part 4 and Annex 4 specify the rights and duties of the commonhold association and the unit-holders, the obligations imposed on tenants, and the procedures used for enforcement.

1.3.6 Annex 5 contains additional local rules specific to this commonhold.

1.3.7 Annex 6 specifies the rights of the developer which are designed to permit him to undertake development business or to facilitate his undertaking of development business.

1.4 INTERPRETATION OF THIS DOCUMENT

1.4.1 In this CCS, references to a numbered Form are references to the Form so numbered in Schedule 4 to the Commonhold Regulations 2004. A requirement to use a numbered Form is satisfied by the use of a form to the same effect.

1.4.2 Unless otherwise stated, in the application of provisions in this CCS to a commonhold unit with joint unit-holders, a reference to a unit-holder is a reference to each joint unit-holder and to the joint unit-holders together.

1.4.3 Unless otherwise stated, in the application of provisions in this CCS, where two or more persons together hold a tenancy, a reference to a tenant is a reference to each tenant and to the tenants together.
1.4.4 Unless the contrary intention appears, words—
(a) referring to one gender include any other gender;
(b) in the singular include the plural; and
(c) in the plural include the singular.

1.4.5 Unless the contrary intention appears, the following definitions apply:

"the Act" means Part 1 of the Commonhold and Leasehold Reform Act 2002 or any statutory modification or re-enactment of it for the time being in force;
"articles of association" means the articles of association of the commonhold association;
"common parts" means every part of the commonhold which is not for the time being a commonhold unit in accordance with this CCS (section 25(1) of the Act);
"commonhold assessment" means the income required to be raised from unit-holders to meet the expenses of the commonhold association (section 38 of the Act);
"commonhold association" means the commonhold association named in paragraph 2 of Annex 1;
"commonhold land" means the land that is registered at Land Registry as a freehold estate in commonhold land and described in paragraph 2 of Annex 2;
"commonhold unit" means a unit as defined in paragraphs 4 and 5 of Annex 2;
"commonhold unit information certificate" means a certificate stating the debts owed to the commonhold association in respect of the commonhold assessment or levy allocated to a commonhold unit and any interest added in respect of late payment;
"company number" means the number with which the commonhold association is registered under the Companies Act 1985;
"complaint notice" means a notice given in accordance with paragraph 4.11.5 or 4.11.27;
"default notice" means a notice given in accordance with paragraph 4.11.13;
"general meeting" means a meeting of the members of the commonhold association held in accordance with the articles of association of the commonhold association;
"levy" means an amount set by the directors of the commonhold association from time to time to be raised from unit-holders for contribution to a reserve fund (section 39 of the Act);
"limited use areas" means any part of the common parts that may only be used by authorised persons or in a manner consistent with the authorised use specified in paragraph 4 of Annex 4 (section 25(2) of the Act);
"local rules" means provisions, including information contained in the Annexes, inserted by the developer or the commonhold association, that are not prescribed by regulations;
"member" means a person whose name is entered as a member in the register of members of the commonhold association, but excludes any person who has ceased to be a unit-holder or joint unit-holder, or any person who has resigned as a member;
"memorandum" means the memorandum of association of the commonhold association;
"mortgagee" means, in relation to a unit, a person recorded as mortgagee of that unit in the register of charges kept by the commonhold association (additional definition specific to this commonhold);
"ombudsman" means a person whose appointment has been approved in accordance with section 42 of the Act under an approved ombudsman scheme for commonhold;
"ordinary resolution" means a resolution passed by a simple majority of such members as (being entitled to do so) vote in person or, if proxies are allowed, by proxy, at a general meeting of the commonhold association of which notice specifying the intention to propose the resolution as an ordinary resolution has been given in accordance with the articles of association;
"prescribed rate" means the rate of interest specified by the commonhold association in paragraph 1 of Annex 4;
"regulations" means regulations made under the Act from time to time and for the time being in force;
“rent” means such monies as are defined as rent in the relevant tenancy agreement;

“reply notice” means a notice given in accordance with paragraph 4.11.6, 4.11.14 or 4.11.28;

“reserve fund” means a fund set up by the directors of the commonhold association to which unit-holders contribute to finance the repair and maintenance of the common parts or commonhold units (section 39 of the Act);

“reserve study” means an inspection of the common parts to advise the directors whether or not it is appropriate to establish or maintain a reserve fund;

“special resolution” means a resolution passed by a majority of not less than 75 per cent. of such members as (being entitled to do so) vote in person or, if proxies are allowed, by proxy, at a general meeting of the commonhold association of which notice specifying the intention to propose the resolution as a special resolution has been given in accordance with the articles of association;

“tenancy” means a term of years absolute in a commonhold unit or part only of a commonhold unit and includes “sub-tenancy”; and the term “tenant” should be interpreted accordingly;

“transfer” means a transfer of the freehold estate in a commonhold unit, whether or not for consideration, whether or not subject to any reservation or other terms, and whether or not by operation of law (section 15 of the Act);

“unanimous resolution” means a resolution passed by every member as (being entitled to do so) votes in person or, if proxies are allowed, by proxy, at a general meeting of the commonhold association of which notice specifying the intention to propose the resolution as a unanimous resolution has been given in accordance with the articles of association;

“unit-holder” means a person entitled to be registered at Land Registry as the proprietor of the freehold estate in a commonhold unit (whether or not he is registered).
PART 2: THE COMMONHOLD

2.1 INTRODUCTION

2.1.1 This Part of this CCS defines the extent and location of the properties within the commonhold and the rights that exist over the commonhold land.

2.2 PLANS

2.2.1 A list of the plans incorporated in this CCS is set out in paragraph 1 of Annex 2.

2.3 COMMONHOLD LAND

2.3.1 The location and extent of the commonhold land are described in paragraph 2 of Annex 2.

2.4 COMMONHOLD UNITS

Number of units in the commonhold

2.4.1 The number of commonhold units in the commonhold is set out in paragraph 3 of Annex 2.

Location and extent of commonhold units

2.4.2 The commonhold units are defined in paragraphs 4 and 5 of Annex 2.

Rights for the benefit of commonhold units

2.4.3 Details of rights existing for the benefit of each commonhold unit over other commonhold units or over the common parts are set out in paragraph 6 of Annex 2.

Rights over commonhold units for the benefit of the common parts

2.4.4 Details of rights existing for the benefit of the common parts over one or more commonhold units are set out in paragraph 7 of Annex 2.
PART 3: COMMONHOLD ALLOCATIONS

3.1 INTRODUCTION

3.1.1 This Part of this CCS defines the commonhold allocations.

3.2 ALLOCATION OF COMMONHOLD ASSESSMENT

3.2.1 The percentage allocated to each commonhold unit in respect of the commonhold assessment is specified in paragraph 1 of Annex 3.

3.3 ALLOCATION OF RESERVE FUND LEVY

3.3.1 The percentage allocated to each commonhold unit in respect of any levy to fund the repair and maintenance of the common parts or the commonhold units is specified in paragraph 2 of Annex 3.

3.4 ALLOCATION OF VOTES

3.4.1 The number of votes allocated to a member in respect of each commonhold unit is specified in paragraph 3 of Annex 3.
PART 4: THE RULES OF THE COMMONHOLD

4.1 INTRODUCTION

4.1.1 This Part of this CCS sets out the rules regulating the affairs of the commonhold community and how they may be enforced.

4.1.2 The rules are for the benefit of, and bind, all unit-holders and the commonhold association. Where stated, rules also bind tenants.

4.2 FINANCIAL MATTERS

Commonhold Assessment – calculation and request for payment

4.2.1 The directors of the commonhold association must make an annual estimate of the income required to be raised from unit-holders to meet the expenses of the commonhold association, and may from time to time make estimates of income required to be raised from unit-holders in addition to the annual estimate.

4.2.2 Subject to paragraph 4.2.5, when the directors of the commonhold association consider that income is required to be raised from unit-holders they must give a notice containing details of the proposed commonhold assessment to each unit-holder. Form 1 [Notice of proposed commonhold assessment] must be used.

4.2.3 Within 1 month, beginning with the date on which the notice referred to in paragraph 4.2.2 is given, each unit-holder may make written representations to the commonhold association regarding the amount of the proposed commonhold assessment.

4.2.4 The directors must consider any representations made in accordance with paragraph 4.2.3 and must give a further notice to each unit-holder specifying the payments required to be made by that unit-holder and the date on which each payment is due. The notice must not specify a date for payment, which is within 14 days, beginning with the date on which the notice is given. Form 2 [Request for payment of commonhold assessment] must be used.
Emergency commonhold assessment – request for payment

4.2.5 If the commonhold association requires income to meet its expenses in an emergency, then the directors of the commonhold association may give a notice to each unit-holder requiring payment of the commonhold assessment without seeking representations from unit-holders. Form 3 [Request for payment of emergency commonhold assessment] must be used.

Reserve Fund – establishment, calculation and request for payment

4.2.6 The directors of the commonhold association must consider whether to commission a reserve study by an appropriately qualified person in the first year in which the commonhold is registered.

4.2.7 The directors of the commonhold association must commission a reserve study by an appropriately qualified person at least once in every 10 years.

4.2.8 The directors of the commonhold association must consider the results of any reserve study to decide whether it is appropriate—
(a) to establish a reserve fund;
(b) to maintain any existing reserve fund; and
if it is appropriate to establish a reserve fund, or maintain an existing reserve fund, then the directors must do so.

4.2.9 The directors of the commonhold association must at appropriate intervals decide whether it is appropriate to establish one or more reserve funds or maintain any existing reserve fund; and, if they decide that it is appropriate to establish a reserve fund, or maintain an existing reserve fund, then the directors must do so.

4.2.10 The members may, by ordinary resolution, require the directors to establish a reserve fund.

4.2.11 If a reserve fund is established, then the directors of the commonhold association must set a levy from time to time; and in doing so must try to ensure that unnecessary reserves are not accumulated.
4.2.12 When the directors of the commonhold association set a levy they must give a notice containing details of the proposed levy to each unit-holder. Form 4 [Notice of proposed reserve fund levy] must be used.

4.2.13 Within 1 month, beginning with the date on which the notice referred to in paragraph 4.2.12 is given, each unit-holder may make written representations to the commonhold association regarding the amount of the levy.

4.2.14 The directors must consider any representations made in accordance with paragraph 4.2.13 and must give a further notice to each unit-holder specifying the payments required to be made by that unit-holder and the date on which each payment is due. The notice must not specify a date for payment, which is within 14 days, beginning with the date on which the notice is given. Form 5 [Request for payment of reserve fund levy] must be used.

Commonhold assessment and reserve fund – payment

4.2.15 A unit-holder must pay to the commonhold association the amount that is allocated to his commonhold unit in accordance with a notice given under paragraphs 4.2.4, 4.2.5 or 4.2.14.

Commonhold assessment and reserve fund – late payment

4.2.16 If a payment required by paragraph 4.2.15 is not made by the date on which it is due, then the unit-holder must pay interest to the commonhold association at the prescribed rate for the period beginning with the date on which the payment is due and ending on the date on which the payment is made.

Commonhold assessment and reserve fund – unit-holder’s failure to pay

4.2.17 In paragraphs 4.2.18 to 4.2.26—

“tenant” means only an immediate tenant of the unit-holder who has failed to pay; and

“diversion date” means the date on which a period of 14 days ends, beginning with the date on which the notice in paragraph 4.2.18 is given.
Diversion of rent from a tenant

4.2.18 If a unit-holder has not paid all or part of any payment due to the commonhold association under paragraphs 4.2.15 or 4.2.16, then the commonhold association may give a notice requiring a tenant to divert to the commonhold association all or part of the rent payable to the unit-holder from time to time under the tenancy agreement until the commonhold association has recovered from the tenant an equivalent sum to the amount due from the unit-holder. Form 6 [Notice to tenant of diversion of rent] must be used and the commonhold association must also give a copy to the unit-holder.

4.2.19 The commonhold association must specify in the notice the payments that the tenant is required to make. In any single payment, the commonhold association must not require the tenant to pay more rent than is due under the tenancy agreement, to pay rent earlier than is due under the tenancy agreement, or to pay rent earlier than the diversion date.

4.2.20 A tenant who receives a notice under paragraph 4.2.18 must make the payments required by the notice.

4.2.21 Unless the commonhold association specifies a later date in the notice, the tenant must make the first payment on the next date, after the diversion date, that rent is required to be paid under the tenancy agreement.

4.2.22 The commonhold association must, within a period of 14 days, beginning with the date on which all the payments required in the notice have been made, notify the tenant and the unit-holder that the diversion of rent has ended.

Diversion of rent from a tenant – no deduction

4.2.23 A tenant may not rely on any non-statutory right of deduction, set-off or counterclaim that he has against the unit-holder to reduce the amount to be paid to the commonhold association.
Diversion of rent from a tenant – discharge of liability

4.2.24 A payment made in accordance with paragraph 4.2.20 will discharge, to the extent of the payment, the liability of—

(a) the unit-holder for the amount he has failed to pay to the commonhold association; and

(b) the tenant for the payment of rent owed to the unit-holder.

4.2.25 A unit-holder is deemed to have received and accepted rent, for the purposes of the tenancy agreement, in an amount equal to the payment made in accordance with paragraph 4.2.20, and may not forfeit the tenancy for the non-payment of rent deemed to have been paid, or bring proceedings for breach of any covenant or condition in the tenancy agreement for the non-payment of the rent deemed to have been paid.

Diversion of rent from a tenant – late payment

4.2.26 If a payment required by paragraph 4.2.20 is not made by the date on which it is due, then the tenant must pay interest to the commonhold association at the prescribed rate for the period beginning with the date on which the payment is due and ending on the date on which the payment is made.

Commonhold assessment and reserve fund – tenant’s failure to pay

4.2.27 In paragraphs 4.2.28 to 4.2.37—

“tenant” means only an immediate tenant of the unit-holder;

“sub-tenant” means only the immediate tenant of the tenant who has failed to pay; and

“diversion date” means the date on which a period of 14 days ends, beginning with the date on which the notice in paragraph 4.2.28 is given.

Diversion of rent from a sub-tenant

4.2.28 If a tenant has not paid all or part of any payment due to the commonhold association under paragraphs 4.2.20 or 4.2.26, then the commonhold association may give a notice requiring a sub-tenant to divert to the commonhold association all or part of the rent payable to the tenant from time to time under the sub-tenancy agreement until the commonhold association has recovered from the sub-tenant an equivalent sum to the
amount due from the tenant. Form 7 [Notice to sub-tenant of diversion of rent] must be used and the commonhold association must also give copies to the unit-holder and the tenant.

4.2.29 The commonhold association must specify in the notice the payments that the sub-tenant is required to make and, in any single payment, the commonhold association must not require the sub-tenant to pay more rent than is due under the sub-tenancy agreement, to pay rent earlier than is due under the sub-tenancy agreement, or to pay rent earlier than the diversion date.

4.2.30 A sub-tenant who receives a notice under paragraph 4.2.28 must make the payments required by the notice.

4.2.31 Unless the commonhold association specifies a later date in the notice, the sub-tenant must make the first payment on the next date, after the diversion date, that rent is required to be paid under the sub-tenancy agreement.

4.2.32 The commonhold association must, within a period of 14 days, beginning with the date on which all the payments required in the notice have been made, notify the sub-tenant, the tenant and the unit-holder that the diversion of rent has ended.

Diversion of rent from a sub-tenant – no deduction

4.2.33 A sub-tenant may not rely on any non-statutory right of deduction, set off, or counterclaim that he has against the tenant to reduce the amount to be paid to the commonhold association.

Diversion of rent from a sub-tenant – discharge of liability

4.2.34 A payment made in accordance with paragraph 4.2.30 will discharge, to the extent of the payment, the liability of—
(a) the unit-holder for the amount he has failed to pay to the commonhold association;
(b) the tenant for the payment owed to the commonhold association in accordance with paragraph 4.2.20;
(c) the tenant for the payment of rent owed to the unit-holder; and
(d) the sub-tenant for the payment of rent owed to the tenant.
4.2.35 A unit-holder is deemed to have received and accepted rent, for the purposes of the tenancy agreement, in an amount equal to the payment made in accordance with paragraph 4.2.30, and may not forfeit the tenancy for the non-payment of rent deemed to have been paid, or bring proceedings for breach of any covenant or condition in the tenancy agreement for the non-payment of the rent deemed to have been paid.

4.2.36 A tenant is deemed to have received and accepted rent, for the purposes of the sub-tenancy agreement, in an amount equal to the payment made in accordance with paragraph 4.2.30, and may not forfeit the sub-tenancy for the non-payment of rent deemed to have been paid, or bring proceedings for breach of any covenant or condition in the sub-tenancy agreement for the non-payment of the rent deemed to have been paid.

Diversion of rent from a sub-tenant – late payment

4.2.37 If a payment required by paragraph 4.2.30 is not made by the date on which it is due, then the sub-tenant must pay interest to the commonhold association at the prescribed rate for the period beginning with the date on which the payment is due and ending on the date on which the payment is made.

Commonhold assessment and reserve fund – sub-tenant’s failure to pay

4.2.38 If the sub-tenant fails to pay in accordance with paragraph 4.2.30, then paragraphs 4.2.28 to 4.2.37 may be applied with necessary modifications as against the immediate tenant of that sub-tenant and so on. The terms “tenant” and “sub-tenant” must be interpreted accordingly.

Reimbursement of tenant

4.2.39 If a tenant has suffered any loss as a result of a payment being made to the commonhold association in accordance with paragraph 4.2.20 or 4.2.30, then he may give a notice requiring the unit-holder to reimburse him for that loss.

4.2.40 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.2.39 is given, the unit-holder must reimburse the tenant for the loss suffered.
Commonhold association's right to request details of tenancy

4.2.41 If a commonhold unit is let under a tenancy agreement, then the commonhold association may give a notice to one or all of the parties to the tenancy agreement requesting details of the length of the tenancy and the rent payable. Part A of Form 8 [Notice requesting further details about a tenancy] must be used.

4.2.42 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.2.41 is given, the recipient must give a notice to the commonhold association providing the details requested. Part B of Form 8 [Notice requesting further details about a tenancy] must be used.

Notice to mortgagee – additional provision specific to this commonhold

4.2.43 Whenever the commonhold association gives notice under paragraph 4.2.18 requiring a tenant of a unit-holder to divert to it all or part of the rent payable by a unit-holder, the commonhold association must at the same time give a copy of the notice to any mortgagee of the unit.

4.3 USE

4.3.1 A unit-holder or tenant must not use a commonhold unit other than in accordance with its permitted use as specified in paragraph 2 of Annex 4.

4.3.2 A unit-holder or tenant must not use the common parts other than in accordance with their permitted use as specified in paragraphs 3 or 4 of Annex 4, or other than in accordance with the rights specified in paragraph 6 of Annex 2.

Further restrictions on use of a commonhold unit – additional provision specific to this commonhold

4.3.3 A unit-holder or tenant must not use a commonhold unit, or allow anyone else to use a commonhold unit, for any of the following—
(a) anything which causes, or might become, a nuisance or annoyance to a unit-holder or tenant of any other commonhold unit;
(b) anything which is dangerous or noxious;
(c) storage of any flammable or explosive substance (except in the fuel tank of a vehicle);
(d) installing or storing anything which overloads the floors or the structure of the building;
(e) anything which contravenes a term of the policy insuring the property or causes an increase in the premium;
(f) a public meeting or anything which attracts casual callers; or
(g) playing music or amplifying or reproducing any sound so that it can be heard outside the unit between the hours of 11.00pm and 7.00am.

Further restriction on use of the common parts - additional provision specific to this commonhold

4.3.4 A unit-holder or tenant must not obstruct the common parts or leave any goods there.

4.4 INSURANCE

4.4.1 The commonhold association must insure the common parts to their full rebuilding and reinstatement costs against loss or damage by fire and such other risks as are specified in paragraph 5 of Annex 4.

4.4.2 The commonhold association must use the proceeds of any insurance taken out in accordance with paragraph 4.4.1 for the purpose of rebuilding or reinstating the common parts.

4.4.3 The commonhold association must keep details of common parts insurance and evidence of payment of the most recent premium at its registered office or such other place as the directors think fit.

4.4.4 A unit-holder may, on reasonable notice and at a reasonable time and place, inspect the common parts insurance policy taken out by the commonhold association and may also, upon payment of the commonhold association's reasonable charges, require the commonhold association to provide a copy of the insurance policy.

4.4.5 If a request is made by a unit-holder to provide a copy of the common parts insurance policy, the commonhold association must provide the copy to the unit-holder as soon as reasonably practicable upon payment of the charge.
4.4.6 The duties imposed by this CCS in respect of the insurance of the commonhold units are specified in paragraph 6 of Annex 4.

Directors’ liability - additional provision specific to this commonhold

4.4.7 The commonhold association may take out insurance against losses incurred as a result of negligence, misbehaviour or dishonesty of directors.

Fire precautions – additional provision specific to this commonhold

4.4.8 A unit-holder or tenant must provide and maintain fire prevention, fire detection, fire fighting and escape instructions and equipment as directed or recommended by the property insurers or the local fire prevention officer.

4.5 REPAIR AND MAINTENANCE

4.5.1 The commonhold association must repair and maintain the common parts. This includes decorating them and putting them into sound condition.

4.5.2 The duties imposed by this CCS in respect of the repair and maintenance of the commonhold units are specified in paragraph 7 of Annex 4.

4.6 ALTERATION OF THE COMMON PARTS

4.6.1 The commonhold association must not make any alterations to the common parts or cause or permit the common parts to be altered unless the proposed alteration is approved by ordinary resolution.

Alteration of a commonhold unit – additional provision specific to this commonhold

4.6.2 A unit-holder or tenant must obtain the written consent of the commonhold association before—
(a) making any alteration to a commonhold unit which affects the common parts;
(b) altering or adapting the electrical or water supply to a commonhold unit or wiring or plumbing within the unit.
4.7 DEALINGS WITH THE LAND

Transfer of a commonhold unit – commonhold unit information certificate

4.7.1 A unit-holder may give a notice requiring the commonhold association to provide a commonhold unit information certificate in respect of his commonhold unit.

4.7.2 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.7.1 is given, the commonhold association must provide a commonhold unit information certificate to the unit-holder and for the purposes of Section 4.9, a commonhold unit information certificate is a notice. Form 9 [Commonhold unit information certificate] must be used.

Transfer of a commonhold unit – new unit-holder’s liability

4.7.3 Subject to paragraph 4.7.4, following a transfer of a commonhold unit, the commonhold association may give a notice requiring the new unit-holder to pay to the commonhold association the debts owed under paragraphs 4.2.15 and 4.2.16 by any former unit-holder in respect of that commonhold unit.

4.7.4 When the commonhold association has provided a commonhold unit information certificate the new unit-holder cannot be required to pay more than the amount specified in that certificate for the period up to and including the date of the certificate.

4.7.5 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.7.3 is given, the new unit-holder must pay to the commonhold association the sum required by the notice.

4.7.6 If a payment required by paragraph 4.7.5 is not made by the date on which it is due, then the new unit-holder must pay interest to the commonhold association at the prescribed rate for the period beginning with the date on which the payment is due and ending on the date on which the payment is made.

4.7.7 When payment is made in accordance with paragraph 4.7.5 the commonhold association’s right to enforce the payment of the sum paid
against the former unit-holder is deemed to have been assigned to the new unit-holder.

Transfer of a commonhold unit – notification

4.7.8 Subject to paragraph 4.7.9, when a person becomes entitled to be registered as the proprietor of a freehold estate in a commonhold unit, he must notify the commonhold association within 14 days, beginning with the date on which he is entitled to be registered. Form 10 [Notice of transfer of a commonhold unit] or 11 [Notice of transfer of part of a commonhold unit] must be used.

4.7.9 When a person becomes entitled to be registered as the proprietor of a freehold estate in a commonhold unit by operation of law, he must notify the commonhold association within 14 days, beginning with the date on which he becomes aware of his entitlement. Form 12 [Notice of vesting of a commonhold unit by operation of law] must be used.

Application to add land

4.7.10 The commonhold association may not apply to Land Registry to add land to a commonhold unless the application is approved by a unanimous resolution.

Leasing – grant of a tenancy

4.7.11 A unit-holder or tenant may not grant a tenancy in a residential commonhold unit—
(a) for a premium;
(b) for a term of more than 7 years, unless regulation 11(2) of the Commonhold Regulations 2004 applies;
(c) under an option or agreement if—
(i) the person to take the new tenancy has an existing tenancy of the premises to be let;
(ii) the new term added to the existing term will be more than 7 years; and
(iii) the option or agreement was entered into before or at the same time as the existing tenancy;
(d) containing an option or agreement to renew which confers on either party to the tenancy an option or agreement for renewal for a further term which, together with the original term, amounts to more than 7 years;
(e) containing an option or agreement to extend the term beyond 7 years; or
(f) containing a provision requiring a tenant to make payments to the commonhold association in discharge of payments which are due, in accordance with this CCS, to be made by the unit-holder.

4.7.12 Before granting a tenancy in a commonhold unit, a prospective landlord must give the prospective tenant—
(a) a copy of this CCS, including such of the plans or parts of plans as are relevant to that commonhold unit; and
(b) a notice informing him that he will be required to comply with the paragraphs in the CCS that impose duties on him if he takes the tenancy. Form 13 [Notice to a prospective tenant] must be used.

4.7.13 If a landlord has not complied with paragraph 4.7.12 and a tenant has suffered loss as a result of an obligation in this CCS being enforced against him, then the tenant may give a notice requiring the landlord to reimburse him for that loss, unless the obligation is reproduced in the tenancy agreement.

4.7.14 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.7.13 is given, the landlord must reimburse the tenant for the loss suffered.

Leasing – notification of the grant of a tenancy

4.7.15 Within 14 days, beginning with the date on which a tenancy is granted, the unit-holder or tenant who grants the tenancy must notify the commonhold association that the tenancy has been granted and must give a copy of any written tenancy agreement, or details of the terms of any oral tenancy, to the commonhold association. Form 14 [Notice of grant of a tenancy in a commonhold unit] must be used.
Leasing – assignment of a tenancy

4.7.16 Before assigning a tenancy in a commonhold unit a tenant must give the prospective assignee—
(a) a copy of this CCS, including such of the plans or parts of plans as are relevant to that commonhold unit; and
(b) a notice informing him that he will be required to comply with those paragraphs in the CCS that impose duties on him if he takes the assignment of the tenancy. Form 15 [Notice to a prospective assignee] must be used.

4.7.17 If a tenant has not complied with paragraph 4.7.16 and an assignee has suffered loss as a result of any obligation in this CCS being enforced against him, then the assignee may give a notice requiring the tenant to reimburse him for that loss, unless the obligation is reproduced in the tenancy agreement.

4.7.18 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.7.17 is given, the tenant must reimburse the assignee for the loss suffered.

Leasing – notification of the assignment of a tenancy

4.7.19 Within 14 days, beginning with the date on which the tenancy is assigned, the new tenant must notify the commonhold association that the assignment has been completed. Form 16 [Notice of assignment of a tenancy in a commonhold unit] must be used.

Leasing – tenant's failure to comply with a duty

4.7.20 If the commonhold association has suffered loss because a tenant of a commonhold unit has not complied with a duty in this CCS, and the duty is one which must be complied with by both a unit-holder and a tenant, the commonhold association may give a notice requiring the unit-holder to reimburse it for that loss.

4.7.21 Within 14 days, beginning with the date on which the notice referred to in paragraph 4.7.20 is given, the unit-holder must reimburse the commonhold association for the loss.
4.8 AMENDMENT OF THE COMMONHOLD COMMUNITY STATEMENT

4.8.1 In the application of the provisions in paragraphs 4.8.5 to 4.8.9 to a commonhold unit with joint unit-holders, a reference to a unit-holder is a reference to the joint unit-holders together.

4.8.2 A paragraph in Parts 1 to 4 of this CCS cannot be amended unless it is a local rule.

4.8.3 Except where this CCS provides otherwise and subject to the Companies Act 1985, local rules cannot be amended unless the proposed amendment is approved by ordinary resolution.

4.8.4 The format for paragraphs 1 to 3 of Annex 1, paragraphs 1 to 7 of Annex 2, paragraphs 1 to 3 of Annex 3 and paragraphs 1 to 7 of Annex 4 to this CCS cannot be amended.

4.8.5 An amendment to the rights for, or over, a commonhold unit specified in paragraphs 6 or 7 of Annex 2 cannot be made unless the unit-holder and the registered proprietor of any charge over that commonhold unit have consented in writing to the proposed amendment before it is made.

4.8.6 An amendment to remove a reference to a unit-holder in the column headed "Authorised users" in paragraph 4 of Annex 4 cannot be made unless the unit-holder and the registered proprietor of any charge over his commonhold unit have consented in writing to the proposed amendment before it is made.

4.8.7 An amendment to the permitted use of a commonhold unit specified in paragraph 2 of Annex 4 cannot be made unless the proposed amendment is approved by special resolution and the unit-holder has consented in writing to the proposed amendment before it is made.

4.8.8 An amendment to this CCS, which redefines the extent of a commonhold unit, cannot be made unless the unit-holder and the registered proprietor of any charge over that commonhold unit have consented in writing to the proposed amendment before it is made.
4.8.9 An amendment to this CCS which specifies that land which forms part of a commonhold unit is to be added to the common parts cannot be made unless the unit-holder and the registered proprietor of any charge over that land have consented in writing to the proposed amendment before it is made.

4.8.10 This CCS cannot be amended to record a change in the boundaries of the commonhold, a commonhold unit or the common parts following a transfer unless any consent required under paragraphs 4.8.8 and 4.8.9 has been given and the approval of the members by special resolution has been given.

4.8.11 An amendment to the following provisions cannot be made unless the proposed amendment is approved by special resolution—
(a) the percentage of the commonhold assessment or levy allocated to a commonhold unit in paragraphs 1 and 2 of Annex 3; and
(b) the number of votes allocated to a member in paragraph 3 of Annex 3.

4.8.12 A unit-holder has the right not to have the percentage of the commonhold assessment or levy allocated to his/her, or any other, commonhold unit altered if the effect of the alteration, taking into account all the circumstances of the case, would be to allocate a significantly disproportionate percentage of the commonhold assessment or levy to his/her commonhold unit.

4.8.13 A unit-holder who is a member has the right not to have the number of votes allocated to him, or any other member, in respect of a commonhold unit altered if the effect of the alteration, taking into account all the circumstances of the case, would be to allocate a significantly disproportionate number of votes to him.

4.8.14 The directors of the commonhold association may amend this CCS without any resolution of the members to include specified provisions, or provisions of a specified kind, for a specified purpose or about a specified matter required by the Act and regulations or to delete any provisions that are of no effect for the reasons set out in paragraph 1.1.5; or to remove any surrendered development rights.
4.8.15 If this CCS has been amended, then the directors must apply, as soon as practicable, to Land Registry for the registration of the amended CCS.

4.8.16 Amendments to this CCS only take effect when the amended version is registered at Land Registry.

Termination statement – additional provision specific to this commonhold

4.8.17 An amendment to the requirements of a termination statement specified in paragraph 5.1 of Annex 5 cannot be made unless the proposed amendment is approved by special resolution.

4.9 NOTICES

4.9.1 Any notice given by the commonhold association under this CCS must contain the name of the commonhold association, its company number, and an address for correspondence. If a notice does not specify an address for correspondence, it will be deemed to be the same address as the address of the registered office.

4.9.2 Any Form used in accordance with this CCS must be completed in full.

4.9.3 Within 14 days, beginning with the date on which a person becomes a unit-holder or tenant, he must give a notice to the commonhold association specifying a full postal address in the United Kingdom including postcode as his/her address for correspondence, unless notice of that address has already been given to the commonhold association under paragraphs 4.7.8, 4.7.9, 4.7.15 or 4.7.19.

4.9.4 A unit-holder or tenant may give a notice to the commonhold association specifying up to two more addresses for correspondence, which may be postal or electronic.

4.9.5 A unit-holder or tenant may give a notice to the commonhold association requesting that an address for correspondence held by the commonhold association is amended or removed, or requesting that an additional address for correspondence is to be held by the commonhold association, provided that the notice does not request the commonhold association to hold more than three addresses for the unit-holder or tenant at any time and
that at least one of those addresses is, at all times, a full postal address in
the United Kingdom including postcode.

4.9.6 When giving notice to a unit-holder or tenant, the commonhold association
must give notice to each of the addresses for correspondence for that unit-
holder or tenant held by the commonhold association in the register referred
to in paragraph 4.10.1 or 4.10.2.

4.9.7 If a commonhold unit has joint unit-holders, then any notice to be given in
accordance with this CCS must be addressed to all the joint unit-holders
together.

4.9.8 Any notice to be given in accordance with this CCS must be in writing and
given—
(a) personally;
(b) by leaving it at an address given as an address for correspondence;
(c) by sending it by first class post in a prepaid envelope properly
addressed to an address given as an address for correspondence; or
(d) if an electronic address has been provided as an address for
   correspondence, by electronic communication to that address in
   accordance with any terms or conditions previously specified by the
   intended recipient.

4.9.9 Proof that an envelope containing a notice was properly addressed, prepaid
and posted by first class post is conclusive evidence that it was given to a
postal address. Electronic confirmation of receipt is conclusive evidence
that a notice was given to an e-mail address.

4.9.10 A notice is deemed to have been given, unless proved otherwise—
(a) on the day it was handed to the recipient or left at the address for
   correspondence;
(b) on the second day after it was posted to the recipient; or
(c) on the day after it was transmitted by electronic communication.

Notices received – additional provision specific to this commonhold

4.9.11 A unit-holder or tenant must promptly give the commonhold association a
copy of any notice received concerning—
(a) an application for permission to develop any part of the commonhold or any neighbouring land;
(b) a proposal to enforce planning control;
(c) an intention to acquire any part of the commonhold compulsorily;
(d) a party wall or a proposal to do work affecting a party structure;
(e) an application for an order authorising access to any part of the commonhold; or
(f) action to prohibit or limit any activity undertaken on any part of the commonhold or a use to which any part is put.

Notice of creation of a charge – additional provision specific to this commonhold

4.9.12 Within 14 days, beginning with the date on which a charge over a commonhold unit is created, the unit-holder must give a notice to the commonhold association specifying the name and address for correspondence of the mortgagee and the account number (if any).

Notice of discharge of a charge – additional provision specific to this commonhold

4.9.13 Within 14 days, beginning with the date on which a charge over a commonhold unit is discharged, the unit-holder must give a notice to the commonhold association specifying that the charge over the commonhold unit has been discharged.

4.10 COMMONHOLD REGISTERS AND DOCUMENTS

4.10.1 The commonhold association must maintain a register of unit-holders and their commonhold units and, within 14 days of receiving notice from a unit-holder under—
(a) paragraph 4.7.8, 4.7.9, 4.9.3 or 4.9.4, enter in the register the name and address for correspondence of the unit-holder; or
(b) paragraph 4.9.5, amend the register in accordance with the notice if, as a result of the amendment proposed, the commonhold association will hold in the register in respect of the unit-holder at least one full postal address in the United Kingdom including postcode and no more than three addresses in total.
4.10.2 The commonhold association must maintain a register of tenants and, within 14 days of receiving notice under—
(a) paragraph 4.7.15, 4.7.19, 4.9.3 or 4.9.4, enter in the register—
(i) a description of the premises let;
(ii) the name and address of the tenant; and
(iii) the length of the tenancy; or
(b) paragraph 4.9.5, amend the register in accordance with the notice, if as a result of the amendment proposed, the commonhold association will hold in the register in respect of the tenant at least one full postal address in the United Kingdom including postcode and no more than three addresses in total.

4.10.3 The commonhold association must keep up-to-date copies of the CCS and the memorandum and articles of association at the registered office of the commonhold association.

4.10.4 A unit-holder or tenant may, on reasonable notice and at a reasonable time and place, inspect the CCS or the memorandum and articles of association, and may also, on payment of the commonhold association's reasonable charges, require the commonhold association to provide a copy of such documents.

Register of charges - additional provision specific to this commonhold

4.10.5 The commonhold association must maintain a register of charges over commonhold units and, within 14 days of receiving notice under—
(a) Paragraph 4.9.12, enter in the register the name and address for correspondence of the mortgagee and the account number (if any);
(b) Paragraph 4.9.13, delete the entry in the register relating to any charge which is discharged.

4.11 DISPUTE RESOLUTION

4.11.1 The dispute resolution procedure contained in the following paragraphs applies only to the enforcement of rights and duties that arise from this CCS or from a provision made by or by virtue of the Act. References to enforcing a right include enforcing the terms and conditions to which a right is subject.
Procedure for enforcement by unit-holder or tenant against the commonhold association

4.11.2 Subject to paragraph 4.11.3, a unit-holder or tenant must use the dispute resolution procedure contained in paragraphs 4.11.4 to 4.11.9 when seeking to enforce against the commonhold association a right or duty contained in this CCS or a provision made by or by virtue of the Act.

4.11.3 A unit-holder or tenant, when seeking to enforce against the commonhold association a duty to pay money or a right or duty in an emergency may—
(a) use the dispute resolution procedure contained in paragraphs 4.11.4 to 4.11.9;
(b) if the commonhold association is a member of an approved ombudsman scheme, refer a dispute directly to the ombudsman; or
(c) bring legal proceedings.

4.11.4 When seeking to enforce a right or duty a unit-holder or tenant (the “complainant”) must first consider resolving the matter by—
(a) negotiating directly with the commonhold association; or
(b) using arbitration, mediation, conciliation, or any other form of dispute resolution procedure involving a third party, other than legal proceedings.

4.11.5 If the matter is not resolved in accordance with paragraph 4.11.4, then the complainant must, if he wishes to take further action to enforce the right or duty, give a complaint notice to the commonhold association. Form 17 [Complaint notice against commonhold association] must be used.

4.11.6 The commonhold association may respond to the complaint notice by giving a reply notice to the complainant. Form 18 [Reply to complaint notice against commonhold association] must be used.

4.11.7 Upon receipt of the reply notice or when 21 days have passed, beginning with the date on which the complaint notice is given, (whichever is earlier) the complainant must, if he wishes to take further action to enforce the right or duty, first reconsider whether the matter could be resolved—
(a) by negotiating directly with the commonhold association; or
(b) by using arbitration, mediation, conciliation, or any other form of dispute resolution procedure involving a third party, other than legal proceedings.

4.11.8 If the matter is not resolved in accordance with paragraph 4.11.7 and the complainant wishes to take further action to enforce the right or duty, then he must, if the commonhold association is a member of an approved ombudsman scheme, refer the matter to the ombudsman.

4.11.9 If the commonhold association is a member of an approved ombudsman scheme, then legal proceedings may only be brought once the ombudsman has investigated and determined the matter and he has notified the parties of his/her decision. If the commonhold association is not a member of an approved ombudsman scheme, then legal proceedings may be brought upon completion of the dispute resolution procedure contained in paragraphs 4.11.4 to 4.11.7.

Procedure for enforcement by commonhold association against a unit-holder or tenant

4.11.10 Subject to paragraph 4.11.11, the commonhold association must use the dispute resolution procedure contained in paragraphs 4.11.12 to 4.11.16 when seeking to enforce against a unit-holder or tenant a right or duty contained in this CCS or a provision made by or by virtue of the Act.

4.11.11 The commonhold association, when seeking to enforce against a unit-holder or tenant a duty to pay money or a right or duty in an emergency, may—

(a) use the dispute resolution procedure contained in paragraphs 4.11.12 to 4.11.16;

(b) if the commonhold association is a member of an approved ombudsman scheme, refer a dispute directly to the ombudsman; or

(c) bring legal proceedings.

4.11.12 When seeking to enforce a right or duty the commonhold association must first consider—

(a) resolving the matter by—

(i) negotiating directly with the unit-holder or tenant (the "alleged defaulter"); or
(ii) using arbitration, mediation, conciliation, or any other form of dispute resolution procedure involving a third party, other than legal proceedings; or

(b) taking no action if it reasonably thinks that inaction is in the best interests of establishing or maintaining harmonious relationships between all the unit-holders, and that it will not cause any unit-holder (other than the alleged defaulter) significant loss or significant disadvantage.

4.11.13 If the matter is not resolved in accordance with paragraph 4.11.12, then the commonhold association must, if it wishes to take further action to enforce the right or duty, give a default notice to the alleged defaulter. Form 19 [Default notice] must be used.

4.11.14 The alleged defaulter may respond to the default notice by giving a reply notice to the commonhold association. Form 20 [Reply to default notice] must be used.

4.11.15 Upon receipt of the reply notice or when 21 days have passed, beginning with the date on which the default notice is given, (whichever is earlier) the commonhold association must, if it wishes to take further action to enforce the right or duty, first reconsider whether the matter could be resolved—

(a) by negotiating directly with the alleged defaulter; or

(b) by using arbitration, mediation, conciliation, or any other form of dispute resolution procedure involving a third party, other than legal proceedings.

4.11.16 If the matter is not resolved in accordance with paragraph 4.11.15, then the commonhold association may either, if it is a member of an approved ombudsman scheme, refer the matter to the ombudsman, or, if it is satisfied that the interests of the commonhold require it, bring legal proceedings.

Procedure for enforcement by unit-holder or tenant against another unit-holder or tenant

4.11.17 Subject to paragraph 4.11.18, a unit-holder or tenant must use the dispute resolution procedure contained in paragraphs 4.11.19 to 4.11.30 when
seeking to enforce against another unit-holder or tenant a right or duty contained in this CCS or a provision made by or by virtue of the Act.

4.11.18 A unit-holder or tenant, when seeking to enforce against another unit-holder or tenant a duty to pay money or a right or duty in an emergency may—
(a) use the dispute resolution procedure contained in paragraphs 4.11.19 to 4.11.30; or
(b) bring legal proceedings.

4.11.19 When seeking to enforce a right or duty a unit-holder or tenant (the "complainant") must first consider resolving the matter by—
(a) negotiating directly with the other unit-holder or tenant (the "alleged defaulter"); or
(b) using arbitration, mediation, conciliation, or any other form of dispute resolution procedure involving a third party, other than legal proceedings.

4.11.20 If the matter is not resolved in accordance with paragraph 4.11.19, then the complainant must, if he wishes to take further action to enforce the right or duty, give a notice to the commonhold association requesting that the commonhold association take action to enforce the right or duty against the alleged defaulter. Form 21 [Request for action] must be used.

4.11.21 The commonhold association must consider the notice referred to in paragraph 4.11.20 and decide whether to—
(a) take action to enforce the right or duty against the alleged defaulter; and if it so decides, then to take action as soon as reasonably practicable using the dispute resolution procedure contained in paragraphs 4.11.12 to 4.11.16; or
(b) take no action in accordance with paragraph 4.11.22; and if it so decides, then to decide whether, in accordance with paragraph 4.11.23, to allow the complainant to enforce the right or duty against the alleged defaulter directly.

4.11.22 The commonhold association may decide to take no action in respect of the matters specified in the notice referred to in paragraph 4.11.20 if it reasonably thinks that inaction is in the best interests of establishing or...
maintaining harmonious relationships between all the unit-holders or tenants, and that it will not cause any unit-holder or tenant (other than the alleged defaulter) significant loss or significant disadvantage.

4.11.23 The commonhold association may refuse the complainant the right to take further action in relation to the matter specified in the notice referred to in paragraph 4.11.20, if the commonhold association reasonably thinks that the complaint—
(a) does not amount to a breach of a right enjoyed by, or a duty owed to, the complainant; or
(b) is vexatious, frivolous or trivial.

4.11.24 The commonhold association must, as soon as practicable after making a decision in accordance with paragraph 4.11.21, inform the complainant of outcome of its decision. Form 22 [Reply to request for action] must be used.

4.11.25 If the complainant wishes to challenge the decision made by the commonhold association under paragraph 4.11.21 he may use the dispute resolution procedure contained in paragraphs 4.11.4 to 4.11.9, save that for these purposes the time period mentioned in paragraph 4.11.7 is to be 7 days.

4.11.26 If the commonhold association fails to comply with paragraph 4.11.24 within 21 days, beginning with the date on which the notice referred to in paragraph 4.11.20 is given, the complainant may enforce the right or duty against the alleged defaulter directly, and if he does so, he must use the dispute resolution procedure in paragraphs 4.11.27 to 4.11.30.

4.11.27 If, by virtue of the notice referred to in paragraph 4.11.24, the complainant has the right to enforce the right or duty against the alleged defaulter directly then the complainant must, if he wishes to take further action to enforce the right or duty, give a complaint notice to the alleged defaulter. Form 23 [Complaint notice against unit-holder or tenant] must be used.

4.11.28 The alleged defaulter may respond to the complaint notice by giving a reply notice to the complainant. Form 24 [Reply to complaint notice against unit-holder or tenant] must be used.
4.11.29 Upon receipt of the reply notice or when 21 days have passed, beginning with the date on which the complaint notice is given, (whichever is earlier) the complainant must, if he wishes to take further action to enforce the right or duty, reconsider whether the matter could be resolved—
(a) by negotiating directly with the alleged defaulter; or
(b) by using arbitration, mediation, conciliation, or any other form of dispute resolution procedure involving a third party, other than legal proceedings.

4.11.30 If the matter is not resolved in accordance with paragraph 4.11.29 the complainant may bring legal proceedings against the alleged defaulter in respect of the complaint specified in the notice given under paragraph 4.11.20.

4.12 ADDITIONAL PROVISIONS SPECIFIC TO THIS COMMONHOLD

4.12.1 Additional provisions are set out in Annex 5.
ANNEX 1: IDENTITY OF THE COMMONHOLD AND THE COMMONHOLD ASSOCIATION

1. Name of the commonhold

Sunnyside Commonhold

2. Name of the commonhold association

Sunnyside Commonhold Association Limited

3. Company number of the commonhold association

1234567
ANNEX 2: DEFINITION OF THE PROPERTIES WITHIN THE COMMONHOLD

1. List of plans

<table>
<thead>
<tr>
<th>Plan Number</th>
<th>Plan reference number (if different)</th>
<th>Date of plan (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SC1/001/001</td>
<td>27.09.04</td>
</tr>
<tr>
<td>2</td>
<td>SC1/002/001</td>
<td>27.09.04</td>
</tr>
<tr>
<td>3</td>
<td>SC1/002/002</td>
<td>27.09.04</td>
</tr>
</tbody>
</table>

2. Description of the location and extent of commonhold land

Land adjoining Sunny Street, Sundale, extending to an area of 5000 square metres shown edged red on Plan 1.

3. Total number of commonhold units in the commonhold

4
### 4. Description of the location and extent of commonhold units

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Plan number</th>
<th>Details of how the commonhold unit is shown on the plan</th>
<th>Property description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>Edged red and numbered 1</td>
<td>Ground floor flat with garden known as Flat 1, Sunnyside Court, extending to an area of 900 square metres</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Edged red and numbered 2</td>
<td>Ground floor flat with garden known as Flat 2, Sunnyside Court, extending to an area of 800 square metres</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Edged red and numbered 3</td>
<td>First floor flat known as Flat 3, Sunnyside Court, extending to an area of 600 square metres</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Edged red and numbered 4</td>
<td>First floor flat known as Flat 4, Sunnyside Court, extending to an area of 600 square metres</td>
</tr>
</tbody>
</table>

### 5. Further description of commonhold units

5.1 A commonhold unit does not include—

(a) the structure and exterior of the building of which it is part;

(b) the beams and joists supporting the floor and ceiling of the unit;

(c) the pipes, cables or other fixed service installations in the unit, other than those exclusively serving the unit.

5.2 Units 1 and 2 include the fences marked on Plan 2 with an inwards ‘T’
6. Rights for commonhold units

6.1 The unit-holder of each commonhold unit is at all times entitled to—
(a) use the hallways, stairs, corridors, lifts, paths and drives in the common parts, for obtaining access to that unit;
(b) use the pipes, cables and other fixed installations in the common parts, for receiving and using services in and to that unit;
(c) have rights of air and light over the common parts and support from the common parts and other commonhold units, for the enjoyment of that unit.

7. Rights over commonhold units

5.1 In relation to each commonhold unit, the commonhold association and the unit-holders of the other commonhold units are entitled to rights of air and light over that unit and support from that unit, for the enjoyment of other parts of the commonhold.

5.2 A unit-holder or tenant must allow a person authorised by the commonhold association to enter the commonhold unit at any reasonable time, when it is necessary for any of the following purposes—
(a) to repair, maintain, improve, or to prevent damage to the common parts;
(b) to inspect the state of repair and maintenance of the commonhold unit or of the common parts;
(c) to ascertain how the commonhold unit is being used; or
(d) to make a valuation for insurance purposes.

5.3 A unit-holder or tenant must allow a person authorised by another unit-holder to enter the commonhold unit at any reasonable time, where such entry is necessary to repair, maintain, or to prevent damage to that other unit-holder’s commonhold unit.
7. Rights over commonhold units (continued)

5.4 Any authority given under paragraph 7.2 or paragraph 7.3 is subject to the following conditions—

(a) reasonable notice is given to the unit-holder or tenant, unless there is an emergency;

(b) there is as little interference as possible with the occupation and enjoyment of the commonhold unit; and

(c) any damage to the commonhold unit caused by the person authorised is promptly made good.
# ANNEX 3: COMMONHOLD ALLOCATIONS

## 1. Allocation of commonhold assessment

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Percentage allocation (total 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>25%</td>
</tr>
<tr>
<td>4</td>
<td>25%</td>
</tr>
</tbody>
</table>

## 2. Allocation of reserve fund levy

<table>
<thead>
<tr>
<th>Name of reserve fund</th>
<th>Commonhold unit number</th>
<th>Percentage allocation (total 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car park maintenance</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>25%</td>
</tr>
<tr>
<td>Lift maintenance</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>50%</td>
</tr>
</tbody>
</table>
### 3. Allocation of votes

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Number of votes allocated to member</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>
1. Prescribed rate of interest

5% above the Bank of England’s base rate for the time being in force

2. Permitted use of commonhold units

<table>
<thead>
<tr>
<th>Commonhold unit number</th>
<th>Permitted use</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential</td>
</tr>
<tr>
<td>2</td>
<td>Residential</td>
</tr>
<tr>
<td>3</td>
<td>Residential</td>
</tr>
<tr>
<td>4</td>
<td>Residential</td>
</tr>
</tbody>
</table>

3. Permitted use of common parts

3.1 The common parts (other than limited use areas: see paragraph 4 of this Annex) may be used as follows—

(a) the pipes, cables and other fixed service installations for providing the appropriate services to the commonhold;

(b) the garden, coloured green on Plan 1, for recreation;

(c) the driveway, coloured blue on Plan 3, for access by motor vehicles;

(d) the parking areas, coloured violet on Plan 3, for parking motor vehicles; and

(e) other areas, both outside and inside the buildings, for pedestrian access to commonhold units.
## 4. Limited use areas

<table>
<thead>
<tr>
<th>Description of area</th>
<th>Plan number</th>
<th>Authorised users</th>
<th>Authorised use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lift motor room</td>
<td>1</td>
<td>Officers of, and agents and contractors appointed by, the commonhold association</td>
<td>Servicing and maintenance of lift machinery</td>
</tr>
<tr>
<td>Boiler Room</td>
<td>1</td>
<td>Officers of, and agents and contractors appointed by, the commonhold association</td>
<td>Servicing and maintenance of the boiler</td>
</tr>
<tr>
<td>Oil Storage area</td>
<td>1</td>
<td>Officers of, and agents and contractors appointed by, the commonhold association</td>
<td>Delivery and storage of fuel oil and maintenance of tanks</td>
</tr>
<tr>
<td>Dustbin area</td>
<td>3</td>
<td>All unit-holders and tenants</td>
<td>Deposit of rubbish in the receptacles provided</td>
</tr>
<tr>
<td>Garage forecourt</td>
<td>3</td>
<td>Unit-holders and tenants of those units which include a garage</td>
<td>Driving and parking private motor vehicles, but not so as to obstruct any garage entrance</td>
</tr>
<tr>
<td>Tennis court</td>
<td>3</td>
<td>All unit-holders, tenants and those they invite</td>
<td>Playing tennis, observing regulations about reservations and conduct made by the commonhold association</td>
</tr>
</tbody>
</table>
5. Insurance of common parts – insured risks

So far as cover is generally available for that type of property in that location, loss or damage by lightning, aircraft, explosion, earthquake, storm, flood, escape of water or oil, riot, malicious damage, theft or attempted theft, falling trees and branches and aerials, subsidence, heave, landslip, collision, accidental damage to underground services, professional fees, demolition and site clearance costs, public liability to anyone else, and such other risks as the members of the commonhold association approve from time to time by ordinary resolution.

6. Insurance of commonhold units – duties

6.1 The commonhold association must insure all the commonhold units to their full rebuilding and reinstatement costs, together with cover for the cost of alternative accommodation for 2 years.

6.2 The commonhold association must, whenever required, provide a unit-holder with written evidence of the terms of the insurance and of the payment of most recent premium.

6.3 In the event of any loss or damage covered by the insurance, the commonhold association must promptly make a claim under the policy and make good the loss or damage.
7. Repair and maintenance of commonhold units — duties

7.1 The unit-holder must repair and maintain the unit. This includes decorating it and putting it into sound condition.
ANNEX 5: SUPPLEMENTARY LOCAL RULES

1. Services

1.1 The commonhold association must, unless prevented by circumstances beyond its control, provide the following services to each commonhold unit—

(a) heating from 1 October to 15 April;

(b) hot water; and

(c) television reception from a communal aerial.

1.2 The commonhold association must, unless prevented by circumstances beyond its control, provide the following services in relation to the common parts—

(a) cleaning and lighting;

(b) keeping the garden appropriately planted, tended and tidy;

(c) maintaining signs and equipment to regulate the access and parking of vehicles; and

(d) supply and maintenance of the equipment and marking needed for using the tennis court.

2. Security

2.1 The commonhold association must install and maintain in the commonhold appropriate security arrangements, designed to prohibit the entry of unauthorised persons.

2.2 A unit-holder or tenant must co-operate in the use of the security arrangements controlling entry to the commonhold and must require all visitors to comply.
3. Notices

3.1 The commonhold association must erect and maintain an appropriate notice at the entrance to the commonhold displaying the names of the unit-holders and directions to the units.

3.2 The commonhold association must erect and maintain signs and directions to regulate traffic and parking in the grounds of the commonhold.

3.3 A unit-holder or tenant must comply with signs and directions which are displayed regulating traffic and parking in the grounds of the commonhold and must require all visitors to comply.

4. Advertisements

4.1 A unit-holder or tenant must not allow any advertisement to be displayed on the commonhold unit in such a way that it is visible from outside the unit, other than a notice stating that the unit is for sale or to let.

5. Termination statement

5.1 Any termination statement must state that the commonhold association's surplus assets are to be divided between the members in the same proportion as the allocation of votes, as specified in paragraph 3 of Annex 3.
ANNEX 6: DEVELOPMENT RIGHTS

1. Construction

1.1 The developer, his agents and workmen, are entitled to access to the common parts as necessary to complete constructing the commonhold.

1.2 In the course of completing construction work, the developer is entitled to interfere temporarily with access and the provision of services to a commonhold unit, so long as the unit is not rendered unusable for its permitted use.

1.3 Until construction work is completed, the developer is entitled to use the grounds of the commonhold for storing building materials, equipment and machinery.

2. Adding land to the commonhold

2.1 An application to Land Registry by the developer to add land to the commonhold does not require approval by resolution of the commonhold association.

3. Unit-holder's application for planning permission

3.1 A unit-holder must obtain the developer's written consent before applying for planning permission to carry out any development on the commonhold.
4. Advertisements and sales

4.1 The developer is entitled to erect and maintain an advertisement hoarding on the common parts announcing that commonhold units are for sale.

4.2 The developer is entitled to use one commonhold unit as a "show unit" for display to prospective buyers and for negotiating sales.

4.3 A prospective buyer of a commonhold unit, authorised by the developer, is entitled to have access to the common parts, including the right to park a car while on the property, for the purpose of viewing units for sale and the common parts.

5. Appointment and removal of directors

5.1 The developer has the right to appoint and remove directors of the commonhold association in accordance with the articles of association.
This is the commonhold community statement of Sunnyside Commonhold signed in the form required by the Commonhold Regulations 2004

Signed on behalf of the applicant: A Commonhold

Name: (please print): A COMMONHOLD

Title: Mr

Date: 27 September 2004
Appendix 3 – Regulations

This Appendix contains the text of regulation 9 and 15, which deal with the definition of a commonhold unit and the content of the CCS respectively.

Regulation 9 - Definition of a commonhold unit

9.—(1) In defining the extent of a commonhold unit a commonhold community statement—

(a) may exclude, from the definition, the structure and exterior of a self-contained building, or of a self-contained part of a building, which only contains one commonhold unit or part of one commonhold unit; and

(b) must exclude, from the definition, the structure and exterior of a self-contained building, or of a self-contained part of a building, in any other case.

(2) In this regulation—

"self-contained building" means a building which is structurally detached;

"self-contained part of a building" means a part of a building—

(a) which constitutes a vertical division of the building;

(b) the structure of which is such that it could be redeveloped independently of the rest of the building; and

(c) in relation to which the relevant services provided for occupiers are provided independently of the relevant services provided for the occupiers of the rest of the building, or could be so provided without involving the carrying out of works likely to result in a significant interruption in the provision of any relevant services for occupiers of the rest of the building;

"relevant services" are services provided by the means of pipes, cables or other fixed installations; and

"structure and exterior" includes the relevant services in or to the building but does not include those which are within and exclusively to one commonhold unit.
Regulation 15 - Commonhold community statement

15.—(1) The commonhold community statement must be in the form in Schedule 3 (commonhold community statement) or a form to the same effect.

(2) The commonhold community statement must contain all the provisions contained in the form in Schedule 3 and will be treated as including those provisions.

(3) The commonhold community statement must include the name of the commonhold on the front page and signature page and must include the information relevant to the commonhold in the paragraphs in the Annexes.

(4) The commonhold community statement must be signed at the end in the following form—

(a) on application for registration under section 2—

“Signed [by] [on behalf of] the applicant: ...................................................................

Name: (please print) .................................................................

Title: .............................................................................................”;

(b) where an amended commonhold community statement is registered in accordance with section 33—

“Signed [by] [on behalf of] [the commonhold association] [the developer]:

.................................................................................................

Name: (please print) .................................................................

Title: .............................................................................................”

(5) The commonhold community statement must include information relevant to the commonhold in—

(a) paragraph 2 of Annex 3 if the directors of the commonhold association have established funds to finance the repair and maintenance of the common parts or commonhold units; and

(b) paragraph 5 of Annex 4 if there are other risks insured in addition to fire.

(6) The commonhold community statement is treated as including “0 per cent.” in paragraph 1 of Annex 4 unless different provision is made in its place.

(7) Where, by virtue of regulation 9(1)(b), in defining the extent of a commonhold unit, the commonhold community statement excludes the structure and exterior of a self-contained building, or of a self-contained part of a building, the commonhold community statement is treated as including provision which imposes a duty on the commonhold association to insure the whole of the self-contained building, or self-contained part of the building.

(8) Subject to paragraphs (9) to (12), the commonhold community statement may include further definitions and may include further numbered provisions relevant to the commonhold at the end of a Part or a Section or in an Annex.

(9) Where further definitions are included in the commonhold community statement each definition must be inserted in alphabetical order into paragraph 1.4.5 in the commonhold community statement.

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(10) Where further provisions are included in the commonhold community statement which confer rights on the developer—

(a) the provisions must be inserted in an Annex headed "DEVELOPMENT RIGHTS", such Annex must be numbered and be the last Annex in the commonhold community statement and a reference to its heading must be included in the table of contents in the commonhold community statement;

(b) a paragraph containing "Annex [ ] specifies the rights of the developer which are designed to permit him to undertake development business or to facilitate his undertaking of development business." must be inserted in Section 1.3 in the commonhold community statement with the Annex number inserted in place of the brackets; and

(c) paragraph 4.8.14 in the commonhold community statement is treated as including "; or to remove any surrendered development rights" at the end.

(11) Where any other provisions are included in the commonhold community statement in a Part or Section—

(a) each additional provision must be inserted in numerical order continuing the numbers within the relevant Part or Section;

(b) each additional provision must be immediately preceded by a heading which must include "additional provision specific to this commonhold" in the relevant Part or Section; and

(c) a reference to the heading must be included in the table of contents in the commonhold community statement.

(12) Where any other provisions are included in the commonhold community statement in an Annex—

(a) a heading which must include "ADDITIONAL PROVISIONS SPECIFIC TO THIS COMMONHOLD" must be inserted at the end of Part 4 followed by a numbered paragraph which reads "Additional provisions are set out in Annex" followed by the number given to the Annex by the commonhold association;

(b) a paragraph must be inserted in Section 1.3 in the commonhold community statement giving the number of the Annex and details of its contents; and

(c) a reference to its heading must be included in the table of contents in the commonhold community statement.

(13) In this regulation "commonhold community statement" means the commonhold community statement of a commonhold and a reference to a Part, Section or Annex means a Part, Section or Annex in the commonhold community statement.
Appendix 4 – Further Information


2. Any enquiries arising from this guidance or more general commonhold queries can be directed to the Land Law Team at Department by e-mail at commonhold-enquiries@dca.gsi.gov.uk

3. The following web pages may also be of interest:

   (a) Introduction to commonhold land
       http://www.dca.gov.uk/legist/commonhold/factintro.htm

   (b) Frequently asked questions
       http://www.dca.gov.uk/legist/commonhold/factqanda.htm

   (c) Model Commonhold Community Statement
       http://www.dca.gov.uk/legist/commonhold/schedule3.doc

   (d) The Commonhold and Leasehold Reform Act 2002

   (e) The Commonhold Regulations 2004
       http://www.hmso.gov.uk/si/si2004/20041829.htm

   (f) Non Statutory Guidance on the Commonhold Regulations

   (g) Land Registry Practice Guide 60

4. The Leasehold Advisory Service (LEASE) is funded by the Department for Constitutional Affairs to provide general advice on the law of commonhold land so far as it relates to residential matters. LEASE can be contacted at:

   ☎ 70-74 City Road
   ☏ 0845 345 1993
   ✉ info@lease-advice.org
   🌐 http://www.leaseadvice.org

   London
   EC1Y 2BJ