

COMMONHOLD AND LEASEHOLD REFORM ACT 2002

EXPLANATORY NOTES

COMMENTARY ON THE SECTIONS: PART 1

Commonhold unit

Section 16: Transfer: effect

64. [Section 16](#) sets out how the transfer of a unit will affect ‘new unit-holder’ and ‘former unit-holder’ (as defined in [subsection \(4\)](#)) in certain respects. [Subsection \(1\)](#) provides that transfer will not affect the existence of certain impositions or benefits related to the land created either by the commonhold community statement or by any action of the former unit-holder which was in accordance with [section 20](#). The new unit-holder will have the same rights and responsibilities after transfer as the former unit-holder had before that date. [Subsection \(2\)](#) provides that a former unit-holder cannot be held responsible for any obligation arising after the date of transfer arising either out of the commonhold community statement or out of any action of his in conformity with [section 20](#), and by the same token will not be entitled to any benefit accruing from the same sources after the same date. [Subsection \(3\)](#) provides that the rule in [subsection \(2\)](#) cannot be displaced by agreement, but has no effect on rights and obligations arising before the date of transfer. This means, in effect, that no contract for sale or other transfer document can contain a provision purporting to tie a former unit-holder to the unit beyond the transfer date. This aims to ensure that the current unit-holder is always the person with the full range of benefits and obligations relating to their unit, and that no-one has a greater interest in the unit than he does.